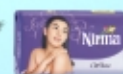




NIRMA

Annual Report 2009-10







BOARD OF DIRECTORS

Dr. K. K. Patel, Chairman
Shri Rakesh K. Patel, Vice Chairman
Shri Shrenikbhai K. Lalbhai
Shri Pankaj R. Patel
Shri Rajendra D. Shah
Shri A. P. Sarwan
Shri Chinubhai R. Shah
Shri Kaushikbhai N. Patel
Shri Kalpesh A. Patel, Executive Director
Shri Hiren K. Patel, Managing Director

COMPANY SECRETARY

Shri Paresh Sheth

AUDITORS

Hemanshu Shah & Co.
Chartered Accountants
Ahmedabad - 380 009

REGISTERED OFFICE

Nirma House
Ashram Road
Ahmedabad - 380 009

REGISTRARS AND SHARE TRANSFER AGENT

Sharepro Services (India) Pvt. Limited
Mumbai - 400 072

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Directors' Report

To,
The Members,

Your Directors take pleasure in presenting the 30th Annual Report together with Audited Accounts of the Company for the year ended on 31st March 2010. The highlights of financial performance of your Company for the year 2009-10 are as under:

(Rs. in crore)

	Consolidated		Standalone	
	2009-10	2008-09	2009-10	2008-09
Sales	4831.61	4898.71	3329.18	3354.06
Operating Profit (EBIDTA)	729.12	667.68	604.59	499.98
Less: (i) Interest and charges	51.99	74.85	31.72	47.41
(ii) Depreciation	337.48	288.01	287.56	244.38
Profit Before Exceptional Items and Tax	339.73	305.62	285.31	208.19
Less: (i) Exceptional Items	8.99	89.86	8.99	89.86
(ii) Tax Expenses	85.16	89.16	47.22	31.29
Profit for the year	245.58	126.60	229.10	87.04
Add: Excess Depreciation of earlier years written back	3.74	Nil	8.84	Nil
Previous Years Tax adjustments	0.01	6.40	Nil	6.39
Net Profit	249.33	133.00	237.94	93.43
Balance in Profit & Loss A/c. B/F	82.55	126.92	30.06	114.00
Balance available for Appropriation	331.88	259.92	268.00	207.43
Less: Transferred to General Reserve	100.00	100.00	100.00	100.00
Transferred to Capital Redemption Reserve	Nil	2.79	Nil	2.79
Dividend on Preference Shares	Nil	0.10	Nil	0.10
Proposed Dividend on Equity Shares	71.61	63.66	71.61	63.66
Tax on dividend	11.91	10.82	11.91	10.82
Balance carried to Balance Sheet	148.36	82.55	84.48	30.06

DIVIDEND

Your Directors have, for the financial year 2009-10, recommended a dividend of Rs.4.50 on a share of Rs.5/- each. The total amount of dividend payable inclusive of dividend distribution tax, would be Rs.83.52 crore and is subject to the approval of the members in the ensuing Annual General Meeting.

During the year, the Company has transferred Rs.2.14 lac to Investor Education and Protection Fund, pursuant to provisions of Investor Education and Protection Fund Rules 2001.

Finance

Your Company follows moderately aggressive finance policy to contain cost of borrowing. Sustained cash flows from core operations help company in resorting to short term borrowings to fund its moderate Capex plans. The Company believes in low to moderate gearing that can be serviced comfortably from operating cash flows.

BUSINESS OVERVIEW

Fiscal year 2010 in general was favorable for the Indian economy. Impact of Global uncertainties was even more remote with the passage of time. Temporarily, however, crisis in some of the European countries was felt across the domestic markets. Consumer inflation, spurt in commodity prices and volatility in financial market is something Indian Corporate will have to learn to leave with as the byproduct of global uncertainties.

Consolidated Operating Result

The year under review was also satisfactory for your Company. During the year under review, net sales on consolidated basis was Rs. 4620.38 crore, which in the previous year was Rs. 4574.82. The Company achieved Earning before Interest, Depreciation, Tax and Amortisation (EBITDA) of Rs.729.12 crore, increased by 9.20% from Rs.667.68 crore of the previous year.

The Company derives the consolidated revenue mainly from Soap and Surfactants, Processed Minerals and Pharma. Your directors are pleased to note the increase in the consolidated net profit to Rs.249.33 crore during the year as compared to Rs.133.00 crore of the previous year.

For detailed analysis of performance refer to Management Discussion and Analysis attached to this Report.

Standalone Operating Result

On Standalone basis, the year under review was moderate; the net sale of your Company was increased to Rs.3117.95 crore from 3030.17 crore of the previous period. The EBITDA has increased to Rs.604.59 crore from Rs.499.98 crore as compared to the previous period. The net profit was at Rs.237.94 crore during the year under review compared to Rs.93.43 crore of the previous year.

PROJECTS

During the year, the Company successfully commissioned 240 TPD Caustic Soda project at its Kalatalav Chemical Complex in District Bhavnagar of Gujarat State.

Work on the Cement Project has been resumed in April 2010 after decision of the Hon'ble High Court of Gujarat was received in the matter of PIL filed against the Company. However an appeal against the Order is lying in the Supreme Court and a review petition of also filed before the Hon'ble Gujarat High Court.

CORPORATE GOVERNANCE & MANAGEMENT DISCUSSION AND ANALYSIS

In accordance to Clause 49 of the Listing Agreement, a report on Corporate Governance and Report on Management Discussion and Analysis are annexed as part of the Director Report.

DIRECTORS

Shri Rajendra D Shah, Shri Chinubhai R Shah and Shri Pankaj R. Patel, Directors of the Company are liable to retire by rotation at the forthcoming Annual General Meeting and eligible for re-appointment, have offered themselves for re-appointment. Your Directors recommend their re-appointment. As per Section 274(1)(g) of the Companies Act, 1956, none of the directors of the Company are disqualified from being re-appointed as

directors. Pursuant to the Clause 49 of the Listing Agreement, the detailed particulars of the directors seeking re-appointments have been provided in the notice of the forthcoming Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- (i) in preparation of the annual accounts for the financial year ended 31st March 2010, the applicable accounting standards have been followed alongwith proper explanations relating to material departures;
- (ii) directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2010 and of the profit of the Company for the year ended on that date;
- (iii) directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) directors have prepared the annual accounts of the Company on a 'going concern' basis.

AMALGAMATION AND DEMERGER

The Board of Directors of your Company at its meeting held on 31st March 2010 approved the Scheme of Arrangement in the nature of amalgamation of Nirma Consumer Care Ltd., a wholly owned subsidiary with the Company. The Hon'ble High Court of Gujarat has vide its Oral Judgment dated 13.05.2010 dispensed with the requirement for calling of the meeting of the members of the Company. The Company shall be filing petition before the Hon'ble High Court of Gujarat for the approval of the Scheme.

The Board also simultaneously approved the Scheme of Arrangement in nature of Demerger and transfer of Cement and Mining Division of Nirma Credit and Capital Private Ltd. to the Company. The requisite formalities for the approval of Scheme is being made. The said Schemes shall be effective from 1st April 2009. The Company will give effect of the aforesaid both the Scheme of Arrangement in its accounts upon the Scheme becoming effective.

SUBSIDIARY COMPANIES

Nirma Consumer Care Ltd., Karnavati Holdings Inc., Searles Valley Minerals Inc., Searles Valley Minerals Operations Inc., Searles Valley Residences LLC, Searles Domestic Water Company LLC, Searles Valley Minerals Europe, Trona Railway Company LLC and NATI LLC continue to be subsidiaries / step down entities of the Company.

CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements pursuant to clause 41 of the Listing Agreement entered into with stock exchanges and prepared in accordance with Accounting Standard prescribed by the Institute of Chartered Accountants of India, for the financial year ended March 31, 2010 is attached with this report. In terms of the approval granted to the Company by Ministry of Corporate Affairs, Government of India vide its letter No. 47 / 570/ 2010-CL-III dated 14.06.2010, the Company has been exempted from complying with the provisions of sub section (1) of Section 212 of the Companies Act, 1956, for the financial year under review. The key financial information of the subsidiaries has been disclosed in a brief abstract forming part of this Annual Report.

PARTICULARS OF EMPLOYEES

The particulars of the employees are required to be given in the annexure to the Directors' Report pursuant to section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended from time to time. However, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto as per the provisions of section 219(1)(b)(iv) of the said Act. Member, who would like to have such particulars, may write to the Company Secretary at the Registered Office of the Company.

FIXED DEPOSITS

The Company has not accepted any Public Deposits during the year under review.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars as required u/s. 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 relating to conservation of energy, technology absorption and foreign exchange earnings and outgo is annexed hereto and forms part of this Report.

AUDITOR & AUDITOR' REPORT

M/s. Hemanshu Shah & Co., Chartered Accountants, Ahmedabad, the Auditor, hold office until the conclusion of the forthcoming Annual General Meeting. They have confirmed that their re-appointment if made, would be within the limits prescribed u/s 224(1B) of the Companies Act, 1956. Notes forming part of Accounts, which are specifically referred to by the Auditor in their report are self-explanatory and therefore, do not call for any further comments.

RE-APPOINTMENT OF COST AUDITOR

Pursuant to the direction of the Ministry of Corporate Affairs for appointment of Cost Auditor, your directors have re-appointed Bhalchandra C. Desai as the Cost Auditor of the Company for the year ending March 31, 2011.

INSURANCE

Assets of the Company are adequately insured.

ACKNOWLEDGEMENT

Your Directors appreciate the continuous co-operation extended and support provided by all customers, banks, government authorities, business constituents. Your Directors also take this opportunity to gratify to each employee of the Company for their continuous and dedicated efforts in achieving vision of the Company.

For and on behalf of the Board

Place : Ahmedabad
Date : July 9, 2010

Dr. K.K. Patel
Chairman

ANNEXURE TO DIRECTORS' REPORT

Information as required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are set out as under :

A) Conservation of Energy

The energy conservation continued to be a priority area for the Company. All possible inbuilt measures have been taken for energy conservation at the time of installation of plants and equipments. The particulars with respect to conservation of energy as per Form A are given hereunder in respect of Sulphuric Acid Plant (SAP), Linear Alkyl Benzene (LAB) Plant as well as Soda Ash plant of the Company.

Form: A

A.	Power & Fuel Consumption	Current Year			Previous Year		
		SAP	LAB	Soda Ash	SAP	LAB	Soda Ash
1. Electricity							
a] Purchased Units		4945000	66788870	15244650	4883678	60518669	14966550
Total amounts Rs.		31369160.61	415097193.50	106419724	31297522.50	372730103	95388036
Av.Rate/Unit Rs.		6.34	6.22	6.98	6.41	6.16	6.37
b] Own Generation		-	-	59302727	-	-	38248278
2. Coal (MT)		-	-	368305.45	-	-	248930.19
Total amounts Rs.		-	-	1179935146	-	-	1410067176
Av.Rate/Unit Rs.		-	-	3203.69	-	-	5664.51
3. Furnace Oil (KL)		-	38516.20	335.47	-	44396.08	250.50
Total amounts Rs.		-	890862322	7678885	-	1149430884	5833037
Av.Rate/Unit Rs.		-	23129.55	22889.93	-	25890.37	23285.58
4. Others (L.P.G.) (MT)		-	16.22	-	-	46.07	-
Total amounts Rs.		-	909267	-	-	2828545	-
Av.Rate/Unit Rs.		-	56061.86	-	-	61398.02	-
5. Light Diesel Oil (KL)		-	-	585.20	-	-	1392.85
Total amounts Rs.		-	-	23581613	-	-	65853162
Av.Rate/Unit Rs.		-	-	40296.81	-	-	47279.44
6. Lignite (MT)		-	-	235428.19	-	-	199727.83
Total amounts Rs.		-	-	514419109.90	-	-	446857528
Av.Rate/Unit Rs.		-	-	2185.04	-	-	2237.33

	Current Year			Previous Year		
	SAP	LAB	Soda Ash	SAP	LAB	Soda Ash
B. Consumption per unit of production Standard (if any)	-	-	-	-	-	-
Product : *Sulphuric Acid / LAB / Soda Ash	-	-	-	-	-	-
Electricity Units	51.68	742.25	165.55	51.21	768.88	138.83
Furnace Oil – kl/pmt	-	0.43	0.001	-	0.56	0.001
Coal	-	-	0.818	-	-	0.649
Others (L.P.G.) mt/pmt	-	0.0002	-	-	0.0006	-
Light Diesel Oil (KL)	-	-	0.001	-	-	0.004
Lignite / pmt	-	-	0.52	-	-	0.52

* Sulphuric acid includes Oleum

B) Technology Absorption

Form: B

Technology Absorption, Adoption and Innovation

The Company has adopted the latest technology in its production process. Technology and equipments are partly imported. These have improved the product quality and plant efficiency.

The technology for manufacturing of LAB, based on Solid Bed Alkylation process, also known as DETAL technology, is provided by UOP Inter Americana, USA. This technology has following benefits over the conventional technology:

- Avoids usage of hazardous Hydro Fluoric (HF) acid
- Improves product quality
- Improves solubility and preferred for liquid detergents also
- Higher biodegradability

For Soda Ash project, the Company has imported Dry Lime Process Technology from M/s. Akzo Nobel Engineering B V of The Netherlands. This technology has been selected to achieve the advantage of energy conservation, reduction in steam consumption as well as water requirement and less effluents. The technology for Vacuum Salt based on Akzo's three stage evaporation system is also successfully absorbed and the Company is producing world class free flowing salt for the Indian market.

Research & Development (R & D)

The Company has established a well equipped R & D laboratory and quality control laboratory with number of sophisticated instruments for testing and analysis

In Soda Ash plant, in order to have process checks, required "ON-LINE" instruments for analysis have been installed and established process Laboratory and R & D Laboratory have been set up. Both the Laboratories are fully equipped with all the required instruments. Solid, Liquid and Gaseous effluent monitoring and equipments have been established in the Laboratory and the effluent prior to discharge is monitored on regular basis.

A detailed technical study of mixing of clear liquor of effluents of Soda Ash with Solar Salt of Brine was carried out. For validation, the Company has engaged M/s. Sriram Institute, which has helped in achieving zero liquid effluents discharge status.

At LAB plant, the Company has well-established R & D facilities with sophisticated instruments. The R & D activities have enabled the Company to produce LAB of better quality, which is meeting with the global requirements of LAB as per the international customers' requirements. The same has been achieved with the same set up of plant, equipment and machinery with minor modification.

The Development and absorption of new methods of analysis to improve product profile for customers resulted in strengthening the Company's position in both local and global market.

C) Foreign Exchange Earnings and Outgo

The required information in respect of foreign exchange earnings and outgo has been given in the Note in Schedule 19 forming part of Accounts.

MANAGEMENT DISCUSSION AND ANALYSIS

CAUTIONARY STATEMENT

Some of the statements in the report describing the Company's objectives, projections, estimates and expectations may be 'forward-looking statements' within the meaning of applicable securities laws and regulations. The forward-looking statements have as their basis certain assumptions and expectations about behaviour or outcome of future events and / or economic variables. The Company's operations may be affected by these economic conditions, demand / supply scenarios, price conditions, market conditions in which the Company operates changes in the Government Policies, changes in fiscal laws and other incidental factors. The Company therefore does not guarantee that these future events and / or economic variable will materialize in the same way they are assumed or projected. Actual performance of the Company could thus differ materially when compared with projection made in the "forward looking statements".

ECONOMY & MARKET TREND

The global economic conditions stabilized partially during the year 2009 with focus changing from America to European countries. Capital, Liquidity and confidence improved during the year. The Indian economy bounced back with robust growth.

India could withstand dramatic changes in macro-economic environment and depressed market conditions largely due to domestic consumption and savings. Double digit growth in industrial production of April 2010 indicates encouraging fiscal year ahead of us. However, the Indian Corporate will have to learn to live with volatility, inflationary pressures and frequent monetary policy changes.

COMPANY'S PRODUCTS

The Company has diversified portfolio of Soaps and Surfactants, Pharma and Processed Minerals.

The Company is one of the leading consumer companies in India and chemical companies based out of Gujarat, India. It is amongst the few brands that created market for itself. "Nirma and Nima" brands are household names and have been rated several times in past as one of the best Indian brands. "Nirma" has been aptly labelled as 'Marketing Miracle' of our era and even been adjudged as one of the Super brands of India.

Soaps and Surfactants business include Soaps & Detergents as well as key chemicals and packaging required in their manufacture. As a part of backward integration strategy, the Company has, in stages, set up manufacturing facilities for Synthetic Soda Ash, Normal Paraffin, Linear Alkyl Benzene (LAB), Linear Alkyl Benzene Sulphonate, Sulfuric Acid, Industrial Salt, Alpha Olefin Sulphonate, Glycerine, Fatty Acid and Packing. The Company also operates the largest solar salt works of Asia.

In the year 2006-07, the Company forayed into Pharma business by acquiring a running IV Fluid plant spread across 650 acres and located at Sachana near Ahmedabad. Since then the facility has been substantially upgraded as well as expanded and is currently equipped with capacity of 250 mn Large Volume Parenterals, 1 Billion Small Volume Parenterals and 1.5 billion units of medical devices.

India's soda ash consumption is rapidly increasing, growing at 5% compared with a 2% global growth. From many comparisons, aggregate Indian capacity remains insignificant in comparison to China, Europe and the USA. This is evident by the fact that Solvay's global capacity is twice that of the entire Indian capacity. However, India's soda ash market is attracting global players making scale essential for Indian producers to remain competitive. Sensing the need to expand its capacity and capabilities in the sector, the Company has acquired a US based natural soda ash facility in the later part of 2007, taking the Company in top seven world producers of the commodity. The Company acquired USA based Searles Valley Minerals Inc. & Searles Valley Minerals Operations Inc., (SVM) engaged in processing of Soda Ash, Boron & Sodium Sulphate from Trona deposits in the western USA. Trona is an evaporate mineral and is of primary importance in the soda ash market as a competitor to synthetically produced material. Advanced solution mining and crystallization techniques of SVM yield approximately two million tons of these minerals each year.

Currently the manufacturing facilities of the Company are located at Mandali in Dist. Mehsana, Moraiya in Dist. Ahmedabad, Alindra in Dist. Vadodara, Kalatalav in Dist. Bhavnagar, Sachana in Dist. Ahmedabad and Searles Valley, Ridgcrest in the USA.

OVERVIEW OF Sales

Soaps and Surfactants

The sector is volume driven and characterized by low margins. The products are branded and backed by marketing, heavy advertising, slick packaging and strong distribution networks. Also, raw material prices play an important role in determining the pricing of the final product. Keys to success for this segment are brand building, extensive distribution network and control over raw materials. Your Company has established over the years strong brand name, loyal nation-wide dealers' network and millions of satisfied customers. The Company continues to provide its customers the best quality products at a fair and competitive price through its experienced and well-informed distributors across the country. The rural markets are the main growth drivers. The number of households in rural areas using FMCG products has gone up from 136 mn in 2004 to 143 mn in 2007 implying a CAGR of 1.7%. According to a McKinsey, rural India would become bigger than the total consumer market in countries such as South Korea or Canada in another twenty years.

The turnover of soaps & detergents for the fy 2009-10 has been declined to Rs. 1787.02 crore from Rs.2109.26 crore in fy 2008-09.

Volume growth was moderate as the Detergent and Soap has highest level of penetration in India. During the year under review, sales from the Soaps & Detergent at accounted for 36.99% of the gross sales on consolidated basis and 53.68% of gross sales on standalone basis.

Sales of Soda ash & Linear Alkyl Benzene at Rs.908.61 crore from Indian operation accounted for 27.29% of the gross sales on standalone basis. The Company has started manufacturing and marketing caustic soda during the year.

Pharma

Pharma business continues to be impacted by increased raw material prices and stiff competition. Despite this, the Company achieved gross sales of Rs. 230 crore, up from Rs.160 crore for the previous year. The Company sold 1524 lakhs units of infusions and 3370 lakhs units of small volume injectables. All the products of the Company are sold under brand "Nirlife" and within 3 years 'Nirlife' brand is well recognized and has become one of leading brand in the field.

During the year, the Company received very encouraging response to new launch of 50 branded formulation products under 'All Care' division. The Company plans to launch in near future complete range of formulations, viz. liquid, oral, solid dosage, semi solid and injectables.

Processed Minerals

Processed minerals manufactured in the USA based production facilities are marketed mainly in USA, Latin America and Europe with some volume coming from Japan, China & Gulf countries. The products find application in manufacture of container glass, flat glass, detergent, agricultural, and fire retardant industries.

Like most industries, processed minerals markets have been impacted by the worldwide recession. The glass industry represents 50% of worldwide demand for soda ash and has been impacted by deterioration in the construction and auto industries. For processed minerals, the markets are tied to the GDP growth rates, standard of living and the need to conserve energy. The current recession causing a significant weakness in the construction and the automobile industries has relatively more adversely affected the soda ash markets than the boron markets. For the boron products, the weakness in the US housing sector has been partially offset by the energy conservation legislation in the European Union, awareness to increase crop yield from boron deficiency in Asian countries, Chinese incentives to purchase luxury items in the rural areas and new applications such as TFT glass, solar panel parts etc.

The Company continues taking measures like looking to alternative markets, reallocation of labours, implementation of maintenance programs etc. to counter the recessionary pressure in US market. Sales from this segment for the year converted into INR stood at Rs.1509.53 crore which was 31.24% of consolidated gross sales of the Company.

OVERVIEW OF COST & EARNINGS

The total operating expenses, including interest, during the year was Rs.2571.05 crore for Fy 10 as against Rs.2617.46 crore for the previous year. As a percentage of gross sales, it was 77.23% as against 78.04% for

the previous year. Material consumption at Rs.1290.89 crore during the year was 38.78% of gross sales. Profit before Interest, Depreciation and Tax at Rs.604.59 crore increased by 20.92% as compared to Rs.499.98 crore of the previous year. The depreciation was Rs.287.56 crore for the year as against Rs.244.38 crore in the previous year.

The net profit was at Rs.237.94 crore as against Rs.93.43 crore of the previous year. Debtors at Rs.269.28 crore are marginally higher than Rs.250.49 crore in previous year. The total debt to tangible net worth ratio of the Company is 0.63. The Earning per Share stood at Rs.14.95.

On consolidated basis, the Company achieved Gross Sales of Rs.4831.61 crore. The Profit before Interest, Depreciation and Tax was Rs.729.12 crore, an increase by 9.20% over the previous year. The Net Profit was at Rs.249.33 crore during the year. The consolidated Earning per Share stood at Rs.15.67.

INTERNAL CONTROL SYSTEM

The Company has Internal Control System commensurate with the nature and size of the business to ensure safeguarding of assets, reliable financial reporting system & compliance with applicable rules and regulations.

RISK MANAGEMENT

Risk in varying degrees and form is integral to any business. The Company and its Subsidiaries are primarily exposed to risk related to sources as well as rate of key raw materials not manufactured internally, Exchange Rate, Interest Rate and Information Technology.

Through planned and timely backward integration, the Company has partially mitigated risk arising from sourcing and cost of its key raw materials, such as Soda Ash, LAB, Sulphuric Acid, Fatty Acids, Packaging Materials and Industrial Salt. The Company would have been exposed to vagaries of market forces had it not installed these manufacturing facilities in time. However, the significant risk of price movement still continues in respect of Kerosene, HDPE Granule, Non-Edible Oils, Coal and Coke.

The Company has entered into Interest Rate Swap for all the ECBs. The Exchange Rate position in respect of these loans has not been hedged as the Company believes that the Rupee in long term will revert in the vicinity of draw down rates. Short Term Borrowing is mainly in Rupee and does not pose any major risk in terms of movement of Interest Rate.

The Company's internal IT Team has deployed enterprise wide financial information system software. The in house management of IT infrastructure provides greater degree of flexibility to users and stability to management reporting system.

The Company's exposure to risk related to timely execution Project remain from Cement Project. However, the Company has highly experienced in house project team which has implemented all the major projects undertaken by the Company in last ten years. To further mitigate the risk, the Company has sourced best of the suppliers, consultants and contractors, having requisite experience, for both the projects. However, the Company continues to be exposed to project risk emanating out short supply of labour, natural factors such as heavy rains and other force majeure events.

The Company has adequate insurance coverage for various risks to its assets.

HUMAN RESOURCES

The management believes that the employees working at various locations and levels are performing vital role to achieve success of the Company. They continuously play the significant role to deliver the credible performance year after year. The management and employees of the Company are committed towards maintaining of harmonious industrial relations. The Company provides safe and secure work environment for each and every employee. It conducts periodic communication exercises to keep its employees apprised of their performance.

The Company also strongly believes in providing amicable and healthy working environment to its human assets. The Company provides under umbrella of welfare and social security scheme, natural and accidental life insurance, and medical insurance for employees and their family, interest subsidies on housing and vehicle loans. Manufacturing facilities of the Company are supported with canteens for providing hygienic food, and other modern facilities including crèches for female employees.

ENVIRONMENT AND SAFETY:

Your Company remains compliant with all Health, Safety and Environment obligations as applicable for conducting smooth operations. The Company has obtained requisite environmental consents / approvals for its various production units from the respective competent authorities.

The Company has adopted well proven Eco-friendly and Energy Efficient Process Technologies. The Company in consultation with the Pollution Control Boards as well as by engaging external agencies for regular monitoring of Ambient Air Quality, Stack Emissions, Effluent discharge, Noise etc. inline with the statutory and regulatory guidelines. Apart from the environmental monitoring, the Company has made efforts for water resource conservation by developing Rainwater Harvesting Ponds, Roof-Top Rainwater Harvesting and reuse of treated effluents wherever possible towards endeavour to achieve Zero Discharge. The Company is working towards better efficiency to reduce the energy and water consumption per unit output. The Company has also implemented ON-SITE as well as OFF-SITE Emergency Plans for effective management of accident / incident to minimize losses to people and property, both in and around the plant facilities. All plants are organizing Safety week once in a year. Mock drills, classroom trainings and various safeties related awareness programs are conducted on regular basis.

FUTURE OUTLOOK

Soaps and Surfactants

Indian FMCG was one of the few sectors world over that could withstand brunt of global melt down and emerge without major damage. While high level of penetration prevented perceptible volume growth, the burgeoning Indian middle class provided value growth in the sector to help the industry players ward off the cascading effects on their margins. Willingness of the consumers to spend backed by the ability to do so was instrumental in isolating the sector from effects of economic slow down. Timely intervention by the Government in the form of policy measures provided much needed respite to the sagging bottom lines of the companies.

The Soap and Detergent industry recorded moderate value growth during the financial year. Going forward the growth will continue to be moderate or could even decline as most of the current growth was cost driven increase. Volume growth for Detergent and Soap will continue to be marginal in view of high level of penetration in India. Much will also depend on the pan India sufficiency of rains.

Soda Ash industry is characterized by high logistic costs, energy intensive, high capital investments & cyclicity akin to commodity product. Hence key to success lies in better integration, conservative financial policies, export focus and cost conscious business practices. Demand-supply situation in China, business plan of American Natural Soda Ash Corporation, demand from glass & detergent industry and crude oil prices are the major determinants of international soda ash prices. In recent years imports from the China constantly rise year by year. Indian Govt. continued safeguard duty on import of soda ash from China, as increased imports from China had caused Market disruption to domestic industry of soda ash.

Pharma

India is the one of the largest market worldwide and is one of the largest exporting countries in pharmaceutical market due to edge over others. The growth prospects in pharmaceutical market are very promising and the sector is growing at more than double digit in the domestic market.

The Company has decided to enter into complete range of pharmaceutical formulations, like liquid, oral, solid dosage, semi solid and injectibles. In short time of about 2 years, the Company has already established leadership position and the brand "Nirlife" and Company's presence in the Healthcare business is well established. On completion of pharmaceutical formulation facility, the Company will be the only major set up worldwide having Parental Products, Medical Devices and Pharmaceutical Formulations under one roof. This will be unique position and will be a great opportunity for the Company to establish market in the field of Healthcare worldwide.

The Company is expecting approvals like GCC, MHRA, TGA, MCC, USFDA etc. post which it would be able to register and sell its products in all major parts of world markets covering Middle East, South Africa, Europe, Australia, Newzeland, USA. The Company has also developed dedicated distribution network, and sales teams for sales of its products both within and outside country. All the new products considered for future launch have huge potential in these counties and in years to come 'Nirlife' brand will be well recognized brand in the domestic market and worldwide.

Processed Minerals

Glass and construction industries have recently stabilized and are poised for recovery beginning in the fourth quarter. Full recovery is anticipated to be accelerated in developing economies while demand in developed countries will lag by as much as two years.

Soda Ash market is expected to recover as the global economy recovers strength. However, the pricing is not expected to improve due to significant overcapacity in China and a new facility in Turkey. As the US housing industry improves, boron markets are expected to have even stronger growth. Demand for boron-based minerals, considered a leading indicator of economic activity, has stabilized and is increasing.

The Company also has the ability to export into a variety of end-uses and countries in order to optimize its customer portfolio. Demand is wide-spread geographically and the customer base is highly fragmented. In addition, substantial portion of the market is sold on a spot basis. These dynamics provide greater flexibility and allow the Company to quickly realize the gains associated with a recovery of economy.

US based soda ash production is well positioned from a cost perspective to compete in world markets. To maintain profitability for soda ash, the Company is addressing cost position through new technology and process de-bottlenecking. The boron products profitability is being addressed through a combination of factors involving improvement of process efficiencies to yield more tons and the marketing of the products to specific end-use applications yielding higher realizations.

Projects

The Company's own state of the art manufacturing facilities to manufacture formulations is nearing completion and is expected to be operational from September 2010. At present, the Company is in the process of validation and start up, and post regulatory formalities, it will be able to commence production.

The construction activities on the Company's 1.91 mn ton Cement Project at Mahuva were stayed last year pending report of a high powered committee appointed by the State Government of Gujarat and a Public Interest Litigation with the Honorable High Court of Gujarat.

The Committee and the High Court have now permitted the Company to resume work on the Project subject to certain conditions, mainly surrendering of part of the land. The Company has accordingly surrendered the stipulated portion of land and resumed implementation of its Cement Project.

The opposite Parties have filed an appeal in the Supreme Court against and a review petition in the Gujarat High Court against the Order of the Gujarat High Court.

CORPORATE GOVERNANCE REPORT

(Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange)

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company believes in the norms for achieving high standard of Corporate Governance for enhancing value of stakeholders. The Company has aimed at developing and implementing such a good practices which help the Company in discharging social responsibility, compliance of law and adherence to ethical standards.

2. BOARD OF DIRECTORS

1.1 Composition:

- i) The Board of Directors consists of 10 Directors with a Non-Executive Chairman. There are 8 Non-Executive directors out of 10 directors and of which 6 are Independent Directors. The Board's composition is in conformity with the Clause 49 of the Listing Agreement entered into with the Stock Exchanges.
- ii) The Independent Directors of the Company are experienced, competent and renowned persons from their respective field. The Independent Directors take active part in the Board and Committee meetings which adds value in the decision making process of the Company.
- iii) The names and categories of Directors of the Company, their attendance at Board Meetings & last Annual General Meeting held during the year and the number of Directorships and Committee Chairmanship / Membership held by them in other Companies as on 31st March 2010 are given below. The Directorship does not include alternate directorship, directorship of private limited companies, Section 25 companies and companies incorporated outside India.

Name of the Director	Category	Attendance Particulars			No. of Directorships and Committee Chairmanship / Membership in other Public Limited Companies		
		Number of Board Meetings		Last AGM	Directorships	Committee	
		Held	Attended			Memberships*	Chairmanships*
Dr. K. K. Patel	Chairman Non-Executive/ Promoter	6	6	Yes	-	-	-
Shri Rakesh K. Patel	Vice Chairman Non Executive / Promoter	6	5	Yes	-	-	-
Shri Shrenikbhai K. Lalbhai	Non Executive / Independent	6	5	Yes	1	-	-
Shri Pankaj R. Patel	Non Executive / Independent	6	4	Yes	10	2	3
Shri Rajendra D. Shah	Non Executive / Independent	6	6	Yes	1	-	-
Shri A. P. Sarwan	Non Executive / Independent	6	4	No	2	1	-
Shri Chinubhai R. Shah	Non Executive / Independent	6	5	No	14	6	4
Shri Kaushikbhai N. Patel	Non Executive / Independent	6	6	Yes	2	-	-
Shri Kalpesh A. Patel	Executive Director	6	6	Yes	-	-	-
Shri Hiren K. Patel	Managing Director / Promoter	6	6	Yes	1	-	-

* Chairmanship / Membership of Audit Committee and Shareholders' Grievance Committee are considered.

2.2 Details about the re-appointment of Directors

Shri Rajendra D. Shah, Director, Shri Pankaj R. Patel, Director and Shri Chinubhai R. Shah, Director of the Company are being retired by rotation at the ensuing Annual General Meeting and being eligible for re-appointment as Directors.

Pursuant to the requirement of Clause 49 of the Listing Agreement, the information about the Directors proposed to be reappointed is mentioned in the Notice of the 30th Annual General Meeting.

2.3 Meetings of Board of Directors

The Meetings of Board of Directors of the Company are normally held at the Registered Office of the Company. Notice of each Board Meeting is given well in advance in writing to each director. The Board normally meets at least once in every quarter inter alia to review the Quarterly Financial Results.

The information as required under Annexure IA to the Clause 49 of the Listing Agreements has been made available to the Board.

During the year under review, the Meetings of the Board of Directors of the Company were held Six times on 29th April 2009, 20th June 2009, 29th July 2009, 31st October 2009, 29th January 2010 and 31st March 2010. The maximum gap between two meetings was less than four months.

3. AUDIT COMMITTEE

The Audit Committee of the Directors of the Company has been constituted pursuant to section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

3.1 Terms of Reference

The Terms of Reference of the Audit Committee inter alia includes overseeing the Company's financial reporting process and disclosure of financial information. The prime responsibility of the Audit Committee is to review with management, Quarterly / Annual Financial Results prior to it being submitted to the Board for the approval.

The Committee recommends the Board, for appointment or re-appointment of the statutory auditor and the payment of audit fees to them. In addition, the Committee approves payment of fees for other services rendered by the statutory auditor.

The Audit Committee's functions include reviewing the adequacy of internal control function and systems, its structure, reporting process, audit coverage and frequency of internal audits. The responsibility of the Committee is also to review the findings of any internal investigation in matters relating to suspected fraud or irregularity or failure in internal control systems of material nature and report the same to the Board.

The Committee reviews the internal audit reports and reports of the statutory auditors and ensures that adequate follow-up action is taken by the management on observations and recommendations made by the respective auditors.

During the year under review, the Committee reviewed the Management Discussion and Analysis Report, Statement of significant related party transactions and financial statement and investments made by the Company. The Committee also looked into such matters as mandated under the Listing Agreements as and when applicable.

It is the Committee's prerogative to invite Senior Executives whom it considers appropriate to be present at the meetings. Senior Management and auditors are invited to participate in the meetings of the Committee. The Board of Directors at the sequent Board Meeting notes the Minutes of the Audit Committee meeting. The Chairman of the Committee was present at the previous Annual General Meeting held on 29th September 2009.

3.2 Composition and Meeting Attendance

The Audit Committee consists of 3 Non-Executive Directors. During the year under, review the Committee met five times on 29th April, 2009, 20th June, 2009, 28th July, 2009, 30th October 2009 and 28th January 2010. The attendance of the Committee is as under:

Name of the Member	Category	Status	Number of Meetings attended	
			Held	Attended
Shri Rajendra D. Shah	Non Executive / Independent	Chairman	5	5
Shri Kaushik N. Patel	Non Executive / Independent	Member	5	5
Shri Rakesh K. Patel	Non Executive / Promoter	Member	5	4

4. REMUNERATION COMMITTEE

4.1 Composition

The Remuneration Committee was constituted, even though non-mandatory requirement as per the Listing Agreement. The Committee consists of 3 Non Executive Directors namely Shri Rajendra D. Shah, Chairman, Shri Kaushik N. Patel and Shri Rakesh K. Patel as Members.

4.2 Terms of Reference

The Terms of reference include recommendation to the Board, the overall policy on remuneration and other terms of employment of Executive and Non Executive Directors of the Company within the overall ceiling fixed by the Members of the Company.

4.3 Remuneration Policy

The payment of remuneration to Managing Director and Executive Director is by way of salary, perquisites and allowances as approved by the Board and the Members of the Company. The Non-Executive Directors do not draw any remuneration from the Company other than the sitting fees as may be determined by the Board.

4.4 Remuneration of Directors

The Company paid remuneration to the Managing Director and Executive Director by way of salary, perquisite and allowances within the range approved by the Members of the Company.

The Aggregate value of salary and perquisites paid for the year ended 31st March 2010 to Shri Hiren K. Patel as the Managing Director is Rs.57.41 lac and Shri Kalpesh A. Patel as the Executive Director is Rs.64.31 lac.

The Company has paid the sitting fees to the Non-Executive Directors for the year ended 31st March 2010 as under:-

Dr. Karsanbhai K. Patel Rs.60000/-, Shri Rakesh K. Patel Rs.50000/-, Shri Shrenikbhai K. Lalbhai Rs.50000/-, Shri Pankaj R. Patel Rs.40000/-, Shri Rajendra D. Shah Rs.60000/-, Shri A.P. Sarwan Rs.40000/-, Shri Chinubhai R. Shah Rs.50000/-, Shri Kaushik N. Patel Rs.60000/-.

5 SHAREHOLDERS' GRIEVANCE COMMITTEE

The Company has constituted a Shareholders' Grievance Committee of the Directors consists of three Directors viz. Shri Rajendra D. Shah, Shri Rakesh K. Patel and Shri Kalpesh A. Patel.

For the purpose of avoiding frequent meeting of Shareholders' Grievance Committee, the Board of Directors at its meeting held on 29th January 2010 has delegated power for transfer of share and other related matters by authorising severally any member of Shareholders' Grievance Committee and the Company Secretary of the Company.

5.1 Terms of Reference

The Committee looks into redressing the investor's grievances / complaints viz. non-receipt of transferred shares, non-receipt of dividend etc. The Committee looks after transfer and transmission of shares, sub-division, consolidation, issue of duplicate share certificate etc. and ensure proper & timely attendance & redressal of investors' queries and grievances.

The Committee generally meets for attending share transfer formalities and redressal of complaints at least once in fortnight. During the year under review, the Committee met for 19 times upto 29th January 2010.

Shri Paresh Sheth, Company Secretary is designated as a Compliance Officer.

During the year under review, Company had received 43 complaints from the investors, which were resolved satisfactorily. There was no pending complaint at the end of the financial year. The Company has also forwarded 15 complaints to Core Healthcare Limited (CHL) / Official Liquidator, which were related to the data of shareholders of CHL on account of non-availability of data with the Company.

6 OTHER COMMITTEE

In addition to above referred Committees, the Board of Directors has also constituted the undermentioned non-mandatory Committees to look into various business matters: -

Name of the Committee	Business	Members as on 31 st March, 2010
Investment Committee	To borrow, make investments, loans, provide guarantees / securities Operation of banking account, depository account.	Shri Rajendra D. Shah Shri Rakesh K. Patel Shri Hiren K. Patel Shri Kalpesh A. Patel Shri Kaushik N. Patel
Committee of Directors	To resolve any issues pertaining to Scheme of Demerger	Shri Rajendra D. Shah Shri Hiren K. Patel Shri Kaushik N. Patel

7 GENERAL BODY MEETINGS**(a) General Meetings**

Year	Date of Meeting	Venue of Meeting	Time of Meeting	No. of Special Resolution
2006-07	25.09.2007	Tagore Hall, Near Sanskar Kendra, Paldi, Ahmedabad	11.00 A.M.	NIL
2007-08	29.09.2008	Tagore Hall, Near Sanskar Kendra, Paldi, Ahmedabad	11.00 A.M.	NIL
2008-09	29.09.2009	Tagore Hall, Near Sanskar Kendra, Paldi, Ahmedabad	11.00 A.M.	NIL

(b) Postal Ballot

No Postal Ballot Resolution passed during the year.

8 DISCLOSURES

- (a)** During the year under review, there were no materially significant related party transactions with the promoters, the management or their relatives or subsidiaries etc. that have a potential conflict with the interest of the Company at large. Transaction with related parties entered into by the Company in the ordinary course of business, were placed before the Audit Committee.

Details of related party transactions as required by Accounting Standards (AS-18) are included in the Notes to the Accounts.

- (b)** The Company has complied with the requirements of the Stock Exchanges, SEBI and other Statutory Authorities on all matters relating to Capital Markets during the last three years. The Stock Exchanges, SEBI or Statutory Authorities relating to the above, have imposed no penalties or strictures on the Company.
- (c)** The Company has laid down the procedures to apprise the Board of Directors regarding the key risk assessment and risk mitigation mechanism.
- (d)** The Board has laid down a Code of Conduct for the Management of the Company. The Code of Conduct is available on the website of the Company: www.nirma.co.in
- (e)** Non-Mandatory Requirements

The Company has adopted the Non-Mandatory Requirements as regards the provisions relating to the Remuneration Committee and other Committees. The Company affirms that no employee has been denied to access to the Audit Committee. As regards the non-mandatory requirement, the Board has taken cognizance of the same and shall consider for adopting the same as and when necessary.

(f) MANAGING DIRECTOR CERTIFICATION**(i) Declaration regarding Code of Conduct**

As required by Clause 49(1)(D)(ii) of the Listing Agreement, I hereby declare that Management has confirmed compliance with the Code of Conduct as adopted by the Company.

Place : Ahmedabad
Date : July 9, 2010

Hiren K. Patel
Managing Director

(ii) Declaration regarding Clause 49 (V) of the Listing Agreement:

The requisite certification as required to be given under Clause 49 (V) of the Listing Agreement was placed before the Board of Directors of the Company.

9 MEANS OF COMMUNICATION

1. Quarterly & Annual Results are published in prominent daily newspapers. The results and Annual Reports are also displayed on the website of the Company.
2. Management Discussion Analysis report forms part of this Annual Report of the Company.
3. Annual General Meeting is a platform for communication with the members, in which the Chairman formulates performance and business plans of the Company. The Chairman also responds to the specific queries of the shareholders.

10 GENERAL SHAREHOLDER'S INFORMATION

(1)	Annual General Meeting	30 th Annual General Meeting	
	Date and Time	16 th August 2010 at 11.00 a.m.	
	Venue	Tagore Hall, Near Sanskar Kendra, Paldi, Ahmedabad – 380 007	
(2)	Financial Year	12 months ended on 31 st March, 2010	
(3)	Dates of Book Closure	07.08.2010 to 16.08.2010 (both days inclusive)	
(4)	Dividend Payment Date	The Dividend if declared, shall be paid / credited on or after 18 th August 2010	
(5)	a. Listing at Stock Exchanges	(1)	Bombay Stock Exchange Ltd. (BSE) 1 st Floor, New Trading Ring, Floor 25, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001
		(2)	National Stock Exchange of India Ltd. (NSE) “Exchange Plaza”, C-1, Block G, Bandra- Kurla Complex, Bandra (East) Mumbai – 400 051
	b. Depository	(i)	National Securities Depository Ltd. 4 th Floor, ‘A’ Wing, Trade World, Kamala Mills compound, Senapati Bapat Marg, Lower Parel, Mumbai –400 013
		(ii)	Central Depository Services (India) Ltd. 28 th Floor, P. J. Towers, Dalal Street, Fort, Mumbai – 400 023
	c. ISIN	INE091A01029	

(6)	Equity Stock Code	
	<ul style="list-style-type: none"> • Bombay Stock Exchange Ltd. • National Stock Exchange of India Ltd. 	500308 NIRMA
(7)	Registrars and Transfer Agent	<p>M/s. Sharepro Services (India) Pvt. Limited 13 AB, Samhita Warehousing Complex, 2nd Floor, Near Sakinaka Telephone Exchange, Andheri-Kurla Road, Sakinaka Mumbai-400 072 Tel. No. 022- 67720300/67720400 Fax No. 022-28591568 / 28508927 Email: sharepro@shareproservices.com</p>
(8)	Dematerialization of shares and Liquidity	99.62% of existing equity shares has been dematerialized.
(9)	Plant locations	1 Block No. 16/B, Ahmedabad Mehsana Highway, P.O. Mandali, Dist. Mehsana - Pin.382 732, Gujarat
		2 Village: Moraiya, Post Chacharwadi Vasna, Near Modern Denim Bavla Road, Taluka: Sanand, Dist. Ahmedabad -382 213, Gujarat
		3 Alindra Detergent Complex, P. O. Alindra, Tal. Savli, Dist. Baroda - 391 775, Gujarat
		4 Bhavnagar Chemical Complex, P. O. Kalatalav, Dist. Bhavnagar - 364 313, Gujarat
		5 Wind Farm Project at Survey No. 691, Village Dhank, Taluka Upleta, Dist. Rajkot, Gujarat
		6 Nirlife Pharma Complex, Survey No. 358-369, Village Sachana, Taluka Viramgam, Dist. Ahmedabad - 382 150, Gujarat
(10)	Investor Correspondence	To the Registrars and Share Transfer Agent at Mumbai or at Secretarial Department, Nirma Limited, Nirma House, Ashram Road, Ahmedabad –380 009
	Compliance Officer	Shri Paresh Sheth, Company Secretary
(11)	Listing Fees	The Company has paid the Listing Fees for the year 2009-10

(12)	Financial Calendar (tentative)	
	Financial Year	1 st April 2010 to 31 st March 2011
	Results for the Quarter ending	
	30 th June 2010	Within 45 days from end of June 2010
	30 th September 2010	Within 45 days from end of September 2010
	31 st December 2010	Within 45 days from end of December 2011
	Annual Results for financial year ended March 31, 2011 (Audited)	Within 60 days from the close of financial year
	Annual General Meeting 2010-11	In accordance with Section 166 of the Companies Act, 1956

(A) MARKET PRICE DATA

High and Low prices during each month in the last financial year on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited:

Month & Year	BOMBAY STOCK EXCHANGE		NATIONAL STOCK EXCHANGE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 09	131.40	92.60	134.00	93.35
May, 09	162.80	109.05	161.40	109.00
June, 09	200.00	137.05	179.85	136.00
July, 09	168.45	120.00	168.00	118.05
August, 09	185.00	142.15	184.90	143.50
September, 09	204.95	150.25	203.50	156.40
October, 09	205.00	150.50	218.70	172.05
November, 09	191.70	170.60	207.20	170.30
December, 09	222.95	178.15	222.80	181.50
January, 10	230.40	191.50	231.00	191.05
February, 10	206.70	152.25	206.90	158.55
March, 10	196.60	168.00	186.80	166.00

(B) SHAREHOLDING PATTERN AS ON 31.03.2010

Sr. No.	Category	No. of Shares held	Percentage of Shareholding
1	Indian Promoters' holding	122815920	77.17
2	Non-Promoters' holding		
	a. Mutual Funds	1333838	0.84
	b. Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions / Non-Government Institutions)	30381	0.02
	c. FIIs	984766	0.62
	d. NRIs/OCBs	100132	0.06
	e. Private Corporate Bodies	4009960	2.52
	f. Indian Public	29867285	18.77
	TOTAL	159142282	100
3	a. No. of shares held in physical mode	598348	0.38
	b. No. of shares held in Demat mode	158543934	99.62
	TOTAL	159142282	100

(C) DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2010

HOLDINGS	SHAREHOLDERS		SHARES	
	NUMBER	% to Total	NUMBER	% to Total
LESS THAN 500	51258	94.42	2351918	1.48
500 – 1000	2111	3.89	1456002	0.92
1001 – 2000	310	0.57	460997	0.29
2001 – 3000	272	0.50	663021	0.42
3001 – 4000	43	0.08	150108	0.09
4001 – 5000	95	0.17	425614	0.26
5001 – 10000	86	0.16	573614	0.36
10001 – 99,99,999	113	0.21	153061008	96.18
Total	54288	100	159142282	100

The above report was placed before the Board of Directors at its meeting held on July 9, 2010 and the same was approved.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members
Nirma Limited
Ahmedabad

We have examined the compliance of the conditions of Corporate Governance by Nirma Limited ("the Company") for the year ended 31st March 2010 as stipulated in Clause 49 of the Listing Agreement executed with the Stock Exchanges, where the securities of the said Company are listed.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statements of the Company.

In our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Hemanshu Shah & Co.
Chartered Accountants

Place : Ahmedabad
Date : July 9, 2010

H.C. SHAH
Proprietor
Membership No. 36441

AUDITORS' REPORT

To
The Members
Nirma Limited
Ahmedabad

1. We have audited the attached Balance Sheet of the Nirma Limited, as at 31st March, 2010, the Profit and Loss Account and the Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Refer note no 7 of Notes to Accounts in Schedule 19 regarding the scheme of Demerged undertaking. The company has taken over Demerged undertaking of Core Healthcare Ltd. (CHL) under the composite scheme of Arrangement sanctioned by the Hon'ble High Court of Gujarat by order dated 1st March, 2007. The appointed date for this purpose was 1st December, 2004 and the effective date is 7th March, 2007. Three parties have filed appeal against this order before the Division Bench of Hon'ble High Court of Gujarat and their appeal, which has been admitted, is pending. The Company has given effect to the above scheme subject to the decision in appeal before the Hon'ble High Court.
5. Further to our comments in the Annexure referred to in paragraph (3) & (4) above, we report that :
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, the Company has kept proper books of account, as required by law, so far as appear from our examination of the books.
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow statement, dealt with by this report, are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - e) On the basis of the written representations received from the directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors of the Company is disqualified as on 31st March, 2010 from being appointed as a director, in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - (i) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - (ii) In the case of Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) In the case of Cash Flow Statement, of the cash flow for the year ended on that date.

For Hemanshu Shah & Co.
Chartered Accountants
Firm Registration No. 122439W

Place : Ahmedabad
Date : May, 31, 2010

H. C. Shah
Proprietor
Membership No. 36441

ANNEXURE TO AUDITORS' REPORT

Referred to paragraph (3) thereof

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
(b) As explained to us, the fixed assets have been physically verified by the management during the year in phased periodical manner, which in our opinion, is reasonable, having regard to the size of the Company and nature of its assets. To the best of our knowledge, no material discrepancies have been noticed on verification.
(c) In our opinion, the Company has not disposed of substantial part of fixed assets during the year and the going concern status of Company is not affected.
2. (a) The inventories other than that of with third parties have been physically verified by the management at reasonable intervals. There is a process of obtaining confirmation in respect of inventory with the third parties.
(b) In our opinion and according to the information and explanations given to us the procedures for physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) In our opinion, the Company has maintained proper records of inventories. The discrepancies between the physical stocks and the book stocks are not material and have been properly dealt with in the books of account.
3. In respect of loans, secured or unsecured, granted or taken by the Company to and from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
(a) The Company has not given loans to any party or company covered under Section 301 of the Companies Act, 1956 during the year. Accordingly para 4 (iii) (b) to para 4 (iii) (d) of the order are not applicable.
(e) During the year the company has taken loan from three parties amounting to Rs.346.52 crores. The maximum amount involved during the year was Rs.198.82 crores and the year-end balance of such loan taken was Rs.184.30 crores. Further during the year, Company has also taken unsecured loan from two companies amounting to Rs.64.15 crores. The maximum amount involved during the year was Rs.110.53 crores and the year-end balance was Rs.25.12 crores.
(f) In our opinion and according to information and explanations given to us, the rate of interest, wherever applicable and other terms and condition are not prima facie prejudicial to the interest of the Company.
(g) The principal amounts are repayable on demand and there is no repayment schedule. The interest is payable on demand.
4. In our opinion and according to the information and explanations given to us, there is an internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories, fixed assets and also for the sale of goods & services. During the course of our audit, no major weaknesses have been noticed in the internal control system.
5. In respect of transactions covered under Section 301 of the Companies Act, 1956 :
(a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that needed to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
(b) In our opinion and according to the information and explanations given to us, there are no transactions in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 aggregating during the year to Rs.5,00,000/- (Rupees Five Lacs only) or more in respect of any party.
6. The Company has not accepted any deposits from the public.
7. The Company has a system of internal audit, which in our opinion, is commensurate with the size of the Company and nature of its business.

8. The Central Government has prescribed the maintenance of cost records under section 209(1) d of the Companies Act 1956 in respect of certain manufacturing activities of the Company. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion, that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made the detailed examination of the same.
9. (a) According to the records, information and explanations provided to us, the Company is generally regular in depositing with appropriate authorities undisputed amount of provident fund, employees' state insurance, income-tax, sales-tax, service tax and any other statutory dues applicable to it and no undisputed amounts payable were outstanding as at 31st March, 2010 for a period of more than six months from the date they became payable.
- (b) Following are the details of disputed Income Tax, Wealth Tax, Sales Tax, Excise Duty, Custom Duty and Stamp Duty that have not been paid to the concerned authorities.

SR. NO.	NAME OF THE STATUTE	NATURE OF THE DUES	FORUM WHERE DISPUTE IS PENDING	UNPAID AMOUNT Rs. in crores
1.	Income Tax Act, 1961	Income Tax	Tribunal	0.12
			Commissioner Of Income Tax (Appeals)	332.75
			Assessing Officer	11.42
2.	Central Excise Act, 1944	Excise Duty and Service Tax	Tribunal	1.24
			Commissioner of Excise (Appeals)	0.02
			High court	0.19
3.	Central Sales Tax Act and Sales Tax Act of various states	Central Sales Tax and Sales Tax	Joint Commissioner	30.45
			Additional Commissioner	0.09
			Deputy Commissioner	0.18
			Tribunal	3.49
4.	Wealth Tax Act.,1957	Wealth Tax	Assessing Officer	Rs.5,440
5.	Customs Duty Act.,1962	Customs Duty	High Court	0.60
			Supreme Court*	20.00
			Tribunal	0.18
6.	The Bombay Stamp Act, 1958	Stamp Duty	High Court	3.17

*Stay granted by Hon'ble Supreme Court

In the absence of information as mentioned in Note 8 of Schedule 19 of the accounts information in this para pertaining to earlier period and outstanding as on 31st March, 2010 in respect of Demerged undertaking of CHL received by the company are not adequately disclosed.

10. During the current year, the company has neither accumulated losses nor incurred cash losses during the financial year ended on that date and in the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the management, the Company has not defaulted in repayment of the dues to any bank.
12. Based on our examination and according to the information and explanations given to us, the Company has granted loan on the basis of security by way of pledge of share. We are of the opinion that adequate documentation and records are maintained in this regard.
13. The Company is not a chit or nidhi or mutual benefit fund or society and clause (xiii) of the order is not applicable.

14. The Company is not dealing or trading in shares, securities, debentures and other investments.
15. In our opinion and according to the information and explanations given to us, the terms and conditions of the corporate guarantee given by the Company, for various term loans taken by wholly owned foreign subsidiaries, are not prejudicial to the interest of the Company.
16. In our opinion and according to the information and explanations given to us, term loans have been applied for the purpose for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the Financial Statements of the Company and after placing reliance on the reasonable assumptions made by the Company for classification of long term and short term usages of funds, we are of the opinion that prima facie as at the close of the year no Short term funds have been utilized for long term investments.
18. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.
19. The Company has issued short term privately placed secured debentures. The said debentures have been repaid before the time permissible for creating the security. Hence there is no need to create the security.
20. The Company has not raised any money by public issue during the year.
21. Based upon the audit procedures performed and information and explanations given to us, we report that no fraud on or by the company has been noticed or reported during the year.

For Hemanshu Shah & Co.
Chartered Accountants
Firm Registration No. 122439W

Place : Ahmedabad
Date : May 31, 2010

H. C. Shah
Proprietor
Membership No. 36441

BALANCE SHEET AS AT 31ST MARCH, 2010

Rs. in crores

	Schedule	As at 31.03.2010	As at 31.03.2009
I SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	1	79.57	79.57
Reserves and surplus	2	2675.89	2521.47
		2755.46	2601.04
Loan Funds			
Secured loans	3	751.97	1048.12
Unsecured loans	4	235.31	85.67
		987.28	1133.79
		3742.74	3734.83
II APPLICATION OF FUNDS			
Fixed Assets	5		
Gross block		4298.43	4048.53
Less : Depreciation		2382.32	2129.59
Net block		1916.11	1918.94
Add : Capital work-in-progress		279.24	243.08
		2195.35	2162.02
Investments	6	535.73	539.77
Current Assets, Loans & Advances			
Inventories	7	592.15	600.27
Sundry debtors	8	269.28	250.49
Cash and bank balances	9	92.29	213.59
Loans and advances	10	759.39	599.59
		1713.11	1663.94
Less : Current Liabilities and Provisions	11		
Current liabilities		249.07	189.93
Provisions		149.47	135.28
		398.54	325.21
Net Current Assets	12	1314.57	1338.73
Deferred tax liabilities (Net)		302.91	305.69
		1011.66	1033.04
		3742.74	3734.83
Notes forming part of accounts	19		

As per our report of even date
For Hemanshu Shah & Co.
Chartered Accountants

H. C. SHAH
Proprietor
Membership No.36441

Place : Ahmedabad
Date : May 31, 2010

HIREN K. PATEL
Managing Director

PARESH SHETH
Company Secretary

Dr. K. K. PATEL
Chairman

RAJENDRA D. SHAH
Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

Rs. in crores

	Schedule	2009-2010	2008-2009
INCOME			
Sales		3329.18	3354.06
Less : Excise duty		211.23	323.89
Sales Net		3117.95	3030.17
Other income	13	19.17	8.78
Increase / (Decrease) in stock	14	6.80	31.08
		3143.92	3070.03
EXPENDITURE			
Consumption of raw materials	15	1254.02	1398.89
Purchase of goods traded in		36.87	22.70
Payments to and provision for employees	16	113.45	99.00
Manufacturing, administrative and selling expenses	17	1134.99	1049.46
Interest and charges	18	31.72	47.41
		2571.05	2617.46
Profit before Exceptional items, Depreciation and Tax		572.87	452.57
Less : Provision for depreciation		287.56	244.38
Profit before Exceptional items and Tax		285.31	208.19
Less : Impairment of asset (See Note No.11)		Nil	60.00
Less : Fixed assets written off		3.94	Nil
Less : Exchange loss on revaluation on long term monetary items (See Note No.12)		5.05	29.86
Profit before Tax		276.32	118.33
Less : Provision for taxation		50.00	13.60
- Current tax		Nil	0.40
- Fringe benefit tax		(2.78)	17.29
- Deferred tax			
Profit for the year		229.10	87.04
Add : Excess depreciation provided in earlier years written back		8.84	Nil
Less : Provision of taxation of earlier years written back		Nil	(6.39)
Net Profit		237.94	93.43
Add : Balance in profit and loss account brought forward		30.06	114.00
Profit available for Appropriation		268.00	207.43
Less : Transferred to capital redemption reserve		Nil	2.79
: Transferred to general reserve		100.00	100.00
: Final dividend on preference shares		Nil	0.10
: Proposed dividend on equity shares		71.61	63.66
: Tax on dividend		11.91	10.82
Balance carried to Balance Sheet		84.48	30.06
Earnings per equity share (Face value of Rs.5 per share) (See Note No.16)			
Basic		14.95	5.86
Diluted		14.95	5.86
Notes forming part of accounts	19		

As per our report of even date
For Hemanshu Shah & Co.
Chartered Accountants

HIREN K. PATEL
Managing Director

Dr. K. K. PATEL
Chairman

H. C. SHAH
Proprietor
Membership No.36441

PARESH SHETH
Company Secretary

RAJENDRA D. SHAH
Director

Place : Ahmedabad
Date : May 31, 2010

Rs. in crores

	As at 31.03.2010	As at 31.03.2009
SCHEDULE - 1		
SHARE CAPITAL		
AUTHORISED		
280000000 Equity shares of Rs.5 each	140.00	140.00
1000000 6% Redeemable non cumulative non convertible preference shares of Rs.100 each	10.00	10.00
	150.00	150.00
ISSUED AND SUBSCRIBED		
159175666 Equity shares of Rs.5 each	79.59	79.59
	79.59	79.59
PAID UP		
159142282 Equity shares of Rs.5 each Add : Forfeited shares [Rs.2000(p.y.Rs.2000)]	79.57	79.57
NOTES:-		
1. Of the above shares, 35572914 equity shares of Rs.5 each have been allotted as fully paid up pursuant to the scheme of amalgamation/ scheme of demerger without payment being received in cash.		
2. Company has made allotment of 90998368 equity shares of Rs.5 each on exercising option by the warrant holders at a premium of Rs.40 per share (for share of Rs.10 each). 32584 equity shares of Rs.5 each were kept in abeyance due to court order.		
	79.57	79.57
SCHEDULE - 2		
RESERVES AND SURPLUS		
CAPITAL RESERVE		
As per last year	360.66	360.66
CAPITAL REDEMPTION RESERVE		
As per last year	2.81	0.02
Add : Transferred from profit and loss account	Nil	2.79
	2.81	2.81
SHARE PREMIUM		
As per last year	222.70	222.70
GENERAL RESERVE		
As per last year	1905.24	1805.24
Add : Transferred from profit and loss account	100.00	100.00
	2005.24	1905.24
BALANCE IN PROFIT AND LOSS ACCOUNT		
	84.48	30.06
	2675.89	2521.47

Rs. in crores

	As at 31.03.2010	As at 31.03.2009
SCHEDULE - 3		
SECURED LOANS		
(See Note No.5 & 12)		
Loans in foreign currency		
Long Term		
External commercial borrowings (ECBs)	516.58	583.51
Short Term		
Packing credit	8.36	Nil
Buyers line of credit	Nil	29.39
Short term loans and advances from banks		
Cash credit accounts	227.03	179.47
Term loans	Nil	255.75
	751.97	1048.12
SCHEDULE - 4		
UNSECURED LOANS		
Loan from directors	184.30	Nil
Inter corporate deposits	25.13	66.80
Trade deposits	25.84	18.83
Interest free sales tax deferment loan under sales tax incentive scheme of Government of Gujarat (guaranteed by directors)	0.04	0.04
	235.31	85.67

SCHEDULE - 5

FIXED ASSETS

PARTICULARS	GROSS BLOCK (at cost)				DEPRECIATION				NET BLOCK	
	As at 01.04.2009	Addition / Adjustments during the year	Deduction / Adjustments during the year	As at 31.03.2010	As at 01.04.2009	Addition / Adjustments during the year	Deduction / Adjustments during the year	Up to 31.03.2010	As at 31.03.2010	As at 31.03.2009
1. Goodwill	1.57	Nil	Nil	1.57	1.41	0.16	Nil	1.57	Nil	0.16
2. Trademarks	429.17	Nil	Nil	429.17	264.65	82.26	Nil	346.91	82.26	164.52
3. Licence fees	Nil	33.86	Nil	33.86	Nil	8.46	Nil	8.46	25.40	Nil
4. Freehold land	62.44	8.69	Nil	71.13	Nil	Nil	Nil	Nil	71.13	62.44
5. Leasehold land (permanent)	0.13	Nil	Nil	0.13	Nil	Nil	Nil	Nil	0.13	0.13
6. Building	448.94	0.38	0.59	448.73	163.74	12.53	0.25	176.02	272.71	285.20
7. Plant & machinery	3053.85	232.81	29.12	3257.54	1668.98	179.65	33.92	1814.71	1442.83	1384.87
8. Furniture, fittings & equipments	19.69	0.35	0.08	19.96	13.01	1.17	0.05	14.13	5.83	6.68
9. Vehicles	32.74	4.46	0.86	36.34	17.80	3.50	0.78	20.52	15.82	14.94
Total	4048.53	280.55	30.65	4298.43	2129.59	287.73	35.00	2382.32	1916.11	1918.94
Previous year	3738.92	311.36	1.75	4048.53	1826.96	304.44	1.81	2129.59	1918.94	
Capital work in progress									279.24	243.08

Notes :

1. Building includes (Rs.1000) in respect of shares held in co-op housing society.
2. Capital work in progress includes advance against capital expenditure Rs.53.41 crores (p.y.Rs.35.21 crores).
3. Freehold land of Rs.0.31 crore and part of the fixed assets of Demerged Undertaking are yet to be transferred in the name of the company.
4. Asset impairment of Rs.Nil (p.y.Rs.60 crores included in depreciation for the year under the head of building Rs.20 crores and plant and machinery Rs.40 crores).
5. Rs.0.16 crore (p.y.Rs.0.06 crore) depreciation provided for previous year has been included under the heading depreciation during the year.
6. Rs.0.01 crore (p.y.Rs.Nil) depreciation provided during the year transferred to pre-operative expenses.
7. Rs.8.84 crores (p.y.Rs.0.24 crore) excess depreciation of earlier years has been written back under the head depreciation in deduction/adjustments during the year.

Rs. in crores

			As at 31.03.2010	As at 31.03.2009
SCHEDULE - 6				
INVESTMENTS (At cost) [Long term]				
Investments in Government securities (Unquoted)				
National Saving Certificate and Kisan Vikas Patra lodged with various authorities [Rs.39000 (p.y. Rs.39000)]				
Trade Investment				
In Equity Shares (Unquoted)				
	P.Y.			
100	100	Nutan Nagarik Sahakari Bank Ltd. each of Rs.25 [Rs.2500 (p.y. Rs.2500)]		
57020	57020	The Kalupur Comm.Co.Op.Bank Ltd. each of Rs.25	0.14	0.14
			0.14	0.14
Investments in shares of subsidiary company				
Fully paid-up equity shares (Unquoted)				
	P.Y.			
10001000	10001000	Karnavati Holdings Inc each of US \$ 0.001	533.38	533.38
460000	460000	Nirma Consumer Care Ltd. each of Rs.10	0.46	0.46
			533.84	533.84
Investments in shares and debentures (Fully paid-up, other than trade)				
In Equity Shares (Quoted)				
	P.Y.			
Nil	15000	Tata Consultancy Services Ltd. each of Re.1 (15000 shares sold during the year)	Nil	0.64
35000	305451	National Thermal Power Corporation Ltd. each of Rs.10 (270451 shares sold during the year)	0.22	1.89
Nil	20000	Punjab National Bank Ltd. each of Rs.10 (20000 shares sold during the year)	Nil	0.78
10000	10000	HSBC Investdirect (India) Ltd each of Rs.10 (name changed from IL& FS Investment Ltd.)	0.13	0.13
Nil	73558	Reliance Petroleum Ltd. each of Rs.10 (73558 shares sold during the year)	Nil	0.44
Nil	22018	Bank of Baroda Ltd. each of Rs.10 (22018 shares sold during the year)	Nil	0.51
			0.35	4.39
In Equity Shares (Listed but not Quoted)				
	P.Y.			
1000000	1000000	Inlac Granston Ltd. each of Rs.10 Less : Provision for diminution in value	1.00 1.00	1.00 1.00
			Nil	Nil
In Equity Shares (Unquoted)				
	P.Y.			
100000	100000	Enviro Infrastructure Company Ltd. each of Rs.10	0.10	0.10
			0.10	0.10
Investments in shares of associate fully paid equity shares (Unquoted)				
	P.Y.			
1300000	1300000	Kanak Castor Products Pvt. Ltd. each of Rs.10	1.30	1.30
			1.30	1.30
			535.73	539.77
Aggregate book value of Investments :				
		Unquoted	535.38	535.38
		Quoted [Market value Rs.0.96 crore (p.y.Rs.8.44 crores)]	0.35	4.39
			535.73	539.77

Rs. in crores

	As at 31.03.2010	As at 31.03.2009
SCHEDULE - 7		
INVENTORIES		
Stores and spares	205.77	237.03
Raw materials [Including goods in transit Rs.0.08 crore (p.y.Rs.6.35 crores)]	174.08	157.74
Stock in process	46.81	45.56
Finished goods	165.49	159.94
	592.15	600.27
SCHEDULE - 8		
SUNDRY DEBTORS (Unsecured)		
More than six months		
Considered good	10.00	13.09
Considered doubtful	1.12	1.03
	11.12	14.12
Less : Provision for doubtful debts	1.12	1.03
	10.00	13.09
Others : Considered good	259.28	237.40
	269.28	250.49
SCHEDULE - 9		
CASH AND BANK BALANCES		
Cash on hand [Including cheques on hand Rs.Nil (p.y. Rs.0.12crore)]	0.47	0.51
	0.47	0.51
BANK BALANCES WITH SCHEDULED BANKS		
In current account (See Note No.9)	10.12	12.21
In unclaimed dividend account	0.42	0.37
In fixed deposit account	81.28	200.50
	91.82	213.08
	92.29	213.59

Rs. in crores

	As at 31.03.2010	As at 31.03.2009
SCHEDULE - 10		
LOANS AND ADVANCES (Unsecured)		
Advances recoverable in cash or in kind or for value to be received		
Considered good [Including Rs.4.05 crores & Rs.10.63 crores due from subsidiary companies - Nirma Consumer Care Ltd. and Karnavati Holdings Inc. respectively (p.y. Rs.3.87 crores and Rs.Nil respectively)]	390.47	192.11
Considered doubtful	4.90	49.74
	395.37	241.85
Less : Provision for doubtful advances	4.90	49.74
	390.47	192.11
Foreign Currency Monetary Item Translation Difference Account (See Note No.12)	Nil	59.73
Balance with central excise department	34.79	20.85
Income tax net of provision for taxation	334.13	326.90
	759.39	599.59
SCHEDULE - 11		
CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
Sundry creditors :		
Dues of micro, small and medium enterprises (See Note No.14)	1.16	0.71
Others [Including Rs.0.64 crore due to subsidiary company Karnavati Holdings Inc.(p.y.Rs.0.75 crore)]	192.44	153.14
	193.60	153.85
Foreign Currency Monetary Item Translation Difference Account (See Note No.12)	11.43	Nil
Advances from customers	41.11	32.28
Interest accrued but not due	2.37	3.29
Amounts to be credited to Investor Education and Protection Fund		
Redemption amount on NCD/SPN	0.14	0.14
Unclaimed dividend	0.42	0.37
	0.56	0.51
	249.07	189.93
PROVISIONS		
Proposed dividend [Including tax on dividend Rs.11.90 crores (p.y. Rs.10.82 crores)]	83.51	74.48
Provision for retirement benefit	7.09	6.21
Other provisions	58.87	54.59
	149.47	135.28
	398.54	325.21

Rs. in crores

	As at 31.03.2010	As at 31.03.2009
SCHEDULE - 12		
DEFERRED TAX LIABILITIES (NET)		
DEFERRED TAX LIABILITIES		
Depreciation	374.37	431.22
	374.37	431.22
DEFERRED TAX ASSETS		
Carried forward MAT	62.27	53.93
Carried forward Loss	Nil	65.26
Disallowance under Income Tax Act	9.19	6.34
	71.46	125.53
	302.91	305.69

Rs. in crores

	2009-2010	2008-2009
SCHEDULE - 13		
OTHER INCOME		
Job charges income	Nil	0.09
Exchange rate difference	6.82	3.63
Profit on sale of assets (net)	0.59	0.34
Profit on sale of investments	5.16	Nil
Claims and refunds	2.74	0.51
Benefit on settlement of loan	Nil	1.60
Dividend	0.03	0.20
Miscellaneous income (Note below)	3.83	2.41
	19.17	8.78
Note : Tax deducted at source included in Miscellaneous income	Nil	0.06

Rs. in crores

	2009-2010	2008-2009
SCHEDULE - 14		
INCREASE / (DECREASE) IN STOCK		
CLOSING STOCK		
Stock in process	46.81	45.56
Finished goods	165.49	159.94
	212.30	205.50
LESS : OPENING STOCK		
Stock in process	45.56	40.58
Finished goods	159.94	133.84
	205.50	174.42
	6.80	31.08
SCHEDULE - 15		
CONSUMPTION OF RAW MATERIALS		
Opening stock of raw materials	151.39	235.51
Add : Purchases and expenses	1277.13	1338.63
Less : Sales of raw materials	0.50	23.86
Closing stock of raw materials	174.00	151.39
	1254.02	1398.89
SCHEDULE - 16		
PAYMENTS TO AND PROVISION FOR EMPLOYEES		
Salaries, wages and bonus	102.26	87.06
Contribution to provident fund and other funds	8.51	9.52
Welfare expenses	2.68	2.42
	113.45	99.00

Rs. in crores

	2009-2010	2008-2009
SCHEDULE - 17		
MANUFACTURING, ADMINISTRATIVE AND SELLING EXPENSES		
Consumption of stores and spare parts	78.94	61.45
Power and fuel expenses	394.83	401.06
Excise duty provided on stocks	2.08	(1.56)
Processing charges	23.64	24.35
Rent expenses	2.18	1.80
Repairs and maintenance		
To building	3.27	1.82
To machinery	11.83	9.09
To others	3.43	4.36
	18.53	15.27
Insurance expenses	2.75	2.83
Rates and taxes	11.08	9.83
Payments to auditors		
Audit fees	0.10	0.10
Taxation matters	0.14	0.14
Other matters	0.06	0.06
	0.30	0.30
Cost Audit fees	0.01	0.01
	0.31	0.31
Directors' fees	0.04	0.04
Discount on sales	133.78	78.34
Commission on sales	4.19	5.99
Freight and transportation expenses	170.49	159.12
Sales tax expenses	142.75	166.84
Advertisement expenses	54.35	44.25
Exchange rate difference	3.92	17.04
Donation	1.34	0.25
Sales promotion expenses	4.47	3.68
Provision for doubtful advances	4.90	Nil
Doubtful advances written off	11.22	Nil
Provision for doubtful debts	0.09	Nil
Bad debts written off	4.54	4.02
Other expenses *	64.57	54.55
	1134.99	1049.46
* Includes prior period adjustments(net) Rs.0.35 crore [p.y.Rs.(6.54) crores]		

Rs. in crores

	2009-2010	2008-2009
SCHEDULE - 18		
INTEREST AND CHARGES		
On Non-convertible debentures/bonds	5.68	11.99
On Fixed loans	38.84	41.98
On Others	8.58	4.64
Financial charges	2.34	12.98
	55.44	71.59
Less :		
Interest income (Note below)	23.72	24.18
	31.72	47.41
Note : Tax deducted at source included in Interest Income	0.63	2.70

SCHEDULE - 19

NOTES FORMING PART OF THE ACCOUNTS:

1. SIGNIFICANT ACCOUNTING POLICIES:

(A) General

- (I) The accounts of the Company are prepared under the historical cost convention using the accrual method of accounting. However, insurance claims and other than cash compensatory incentives are accounted on the basis of receipt.
- (II) Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles.

(B) Use of Estimates

The presentation of the financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of financial statement. The actual outcome may diverge from these estimates.

(C) Fixed assets

Fixed assets are stated at cost, net of modvat, less depreciation. Interest on borrowing attributable till commencement of commercial production is capitalised. Capital work in progress includes advances for capital goods, pre production expenses and expenditure on projects under implementation including interest and other expenses capitalized.

(D) Depreciation

- (I) Depreciation, on fixed assets, has been provided in the accounts at the rates specified in Schedule XIV of the Companies Act, 1956.
- (II) Depreciation on fixed assets is provided on Written down value method, except in case of Alindra, Kalatalav-Bhavnagar, Moraiya, Sachana, Udaipur, Mahuva Divisions and various Marketing Depots which are on Straight Line method.
- (III) Intangible assets and Software are amortised in 8 years and 6 years respectively.
- (IV) Depreciation on additions is calculated pro rata from the month's following month of addition.
- (V) Depreciation on assets sold/discarded, during the year, has been provided upto the preceding month of sale/discard.

(E) Investments

Long term investments are stated at cost.

(F) Current assets

Inventories are valued at lower of cost or net realisable value.

Stores & spares : At weighted average basis

Raw materials : On FIFO basis

Stock in process : At cost

Finished goods : At lower of cost or net realisable value

(G) Sales

Sales, net of returns, include excise duty, sales tax and subsidy but trade discount and incentive schemes are separately booked as expenditure.

(H) Prior period and extraordinary items

Items of income and expenditure pertaining to prior period as well as extraordinary items, where material, are disclosed separately.

(I) Impairment of Assets

The Company identifies impairable assets based on cash generating unit concept at the year end for the purpose of arriving at impairment loss thereon, if any, being the difference between the book value and recoverable value of the relevant asset. Impairment loss when crystallizes is charged against revenue of the year.

(J) Provisions and Contingent liabilities

- (I) Provisions are recognized in the accounts in respect of present probable obligations, the amount of which can be reliably estimated.
- (II) Contingent liabilities are disclosed by way of notes to the Balance Sheet in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

(K) Employee benefits

- (I) Short-term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account for the year in which the related service is rendered.
- (II) Post employment and other long-term employee benefits are recognized as an expense in the profit and loss account for the year in which the employee has rendered services. The expenses are recognized at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains and loss in respect of post employment and other long-term benefits are charged to the profit and loss account.

(L) Export benefits

Duty-free imports of raw materials under advance license for imports, as per the Foreign Trade Policy, are matched with the exports made against the said licenses and the net benefit/obligations are accounted by making suitable adjustments in raw material consumption.

(M) Foreign currency transactions

- (I) Ministry of Corporate affairs issued notification GSR 225 (E) on 31st March 2009. In respect of long-term foreign currency monetary items, the Company has exercised option to accumulate the changes in foreign exchange rate to Foreign Currency Monetary Items Translation Difference Account and would be amortised up to 31st March 2011.
- (II) Exchange difference for other monetary items are dealt with in the Company's Profit and Loss Account.
- (III) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of transactions.

(N) Borrowing cost

Borrowing cost includes interest, commitment charges, discount, ancillary cost and other cost incurred for arrangement of borrowing.

(O) Taxes on Income

Current tax is determined as the amount of tax payable in respect of taxable income for the period. Deferred tax is recognised, subject to the consideration of prudence in respect of deferred tax assets, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

2. CONTINGENT LIABILITIES NOT PROVIDED FOR IN ACCOUNTS :-

Rs. in crores

		As at 31.03.2010	As at 31.03.2009
(A)	Claims against the Company not acknowledged as debts		
(I)	For custom duty	1.54	1.48
(II)	For direct tax (*)	1331.87	1005.30
(III)	For sales tax	40.03	19.60
(IV)	For excise duty and service tax [appeals decided in favour of the Company Rs.118.06 crores (p.y. Rs.107.71 crores)]	119.14	111.42
(V)	Disputed liabilities for Custom duty and Excise duty of the Demerged Undertaking, as per the Financial Statement of Core Health Care Limited (CHL) as certified by Statutory Auditor of CHL	4.50	4.50
(VI)	Others This includes the claims not acknowledged as debt of Rs.4.71 crores (p.y. Rs.4.71 crores) of the Demerged Undertaking, as per the Financial Statement of CHL as certified by Statutory Auditor of CHL	9.65	8.63
		1506.73	1150.93
	(*) Income-tax department has raised demands by making various additions/disallowances. The Company is contesting demand, in appeals, at various levels. However, based on legal advice, the Company does not expect any liability in this regard.		
(B)	Estimated amount of contracts, remaining to be executed, on capital account (Net of payment)	271.70	341.11
(C)	For letters of credit	100.67	96.73
(D)	For bank guarantee	8.27	2.87
(E)	Bills discounted with banks	3.53	Nil
(F)	Company has given Corporate Guarantee in favour of lenders for securing loans extended to Karnavati Holdings Inc. and its subsidiaries (wholly owned subsidiaries)	384.13	659.62
(G)	Any liability and / or claim pertaining to Demerged Undertaking, for non-availability of information/record from CHL, which may arise in future is not disclosed.		

3. Borrowing cost capitalised during the year Rs.Nil (p.y. Rs.21.87 crores).

4. Total Managerial Remuneration include under the head “ Payments to and Provision for Employees”

Rs. in crores

		2009 – 2010	2008 – 2009
(A)	Salary	0.78	0.66
(B)	Contribution to provident fund	0.09	0.08
(C)	Perquisites	0.33	0.05
(D)	Provision for gratuity	0.02	0.05
		1.22	0.84

5. Secured Loans

External Commercial Borrowings (ECBs)

The External Commercial Borrowings are secured by first pari-passu charge on movable plant and machineries situated at Bhavnagar, Gujarat and by pledge of shares of Karnavati Holdings Inc., wholly owned subsidiary, held by the Company.

Short Term Loans & Credit Facilities from Banks

The short term loans and credit facilities from Banks are secured on pari-passu basis, by a first charge, by way of hypothecation of specified stock of raw materials, stock in process, finished goods, other merchandise being movable, book debts, both present and future and by way of second charge on specified immovable properties, both present and future, of the Company.

6. As per Accounting Standard 15 “Employees Benefits” (Revised 2005) the disclosures of Employees benefits are defined in the Accounting Standard are given below:

(I) Defined Contribution Plan

Contribution to Defined Contribution Plan, recognized as expenses for the year are as under:

Rs. in crores

	2009-2010	2008-2009
Employer's Contribution to Provident Fund	7.19	6.27

(II) Defined Benefit Plan

The employee's gratuity fund scheme managed by a Trust is defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service to build up the final obligation. The obligation for leave encashment is recognized in the same manner as gratuity.

	2009 - 2010		2008- 2009	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
a. Reconciliation of opening and closing balances of Defined Benefit obligation				
Defined Benefit obligation at beginning of the year	11.57	3.77	8.52	3.00
Defined Benefit obligation at beginning of the year of Nirma Consumer Care Ltd (*)	Nil	Nil	0.52	0.18
Current Service Cost	1.61	0.88	1.42	0.33
Interest Cost	0.96	0.31	0.71	0.25
Actual (gain) / loss	(0.54)	0.04	1.45	0.59
Benefits paid	(0.45)	Nil	(1.05)	(0.58)
Defined Benefit Obligation at the year end	13.15	5.00	11.57	3.77
b. Reconciliation of opening and closing balances of fair value of plan assets				
Fair value of plan assets at beginning of the year	5.36		4.83	
Fair value of plan assets at beginning of the year of Nirma Consumer Care Ltd (*)	Nil		0.42	
Expected return on plan assets	0.51		0.48	
Actuarial gain/(loss)	0.38		0.04	
Employer contribution	0.26		0.64	
Benefits paid	(0.45)		(1.05)	
Fair value of plan assets at year end	6.06		5.36	
c. Reconciliation of fair value of assets and obligation				
Fair value of plan assets	6.06	Nil	5.36	Nil
Present value of obligation	(13.15)	(5.00)	(11.57)	(3.77)
Amount recognised in Balance Sheet	(7.09)	(5.00)	(6.21)	(3.77)
d. Expenses recognised during the year (under the head of "Payments to and Provisions for Employees" – Refer Schedule –16)				
Current Service Cost	1.61	0.88	1.42	0.33
Interest Cost	0.96	0.31	0.71	0.25
Expected return on plan assets	(0.51)	Nil	(0.48)	Nil
Actuarial (gain)/loss	(0.92)	0.04	1.41	0.59
Net Cost	1.14	1.23	3.06	1.17
e. Investment Details:				
Invested				
Life Insurance Corporation of India	100%		100%	
Actuarial assumption				
Discount rate (per annum)	8.30%	8.30%	7.91%	7.91%
Expected rate of return on plan assets (per annum)	9.00%	Nil	9.00%	Nil
Rate of escalation in salary (per annum)	6.00%	6.00%	6.00%	6.00%

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

The expected rate of return on plan assets is determined considering several applicable factors, mainly the composition of plan assets held, assessed risks, historical results of return on plan assets and the Company's policy for plan assets management.

(*) Employees of Nirma Consumer Care Ltd., (wholly owned subsidiary) were transferred to the Company from 01.04.2008.

7. The Composite Scheme of Compromise and Arrangement between Core Healthcare Limited (CHL), the Demerged Company, its Lenders and Shareholders and Nirma Limited, the Resulting Company and its Shareholders (the Scheme) under Sections 78, 100, 391 to 394 of the Companies Act, 1956, has been sanctioned by Hon'ble High Court of Gujarat vide an Order dated 01.03.2007. The Scheme has become effective with effect from 07.03. 2007. Three parties of CHL have filed an appeal before the Division Bench of Hon'ble High Court of Gujarat. The Scheme is subject to the result of the said appeal.
8. All of the vouchers, documents, data, records and books of accounts for the period from the Appointed Date of Demerger i.e. 1st December 2004 and up to and including the effective Date i.e. 7th March 2007 in relation to Demerged Undertaking are yet to be received from CHL.
9. Bank Balance in current accounts includes Rs.0.59 crore (p.y.Rs.0.59 crore) of demerged company acquired during financial year 2006-2007 is considered doubtful in absence of further information.
10. The Board of Directors of the Company at its meeting held on 31st March 2010 has approved Scheme of Arrangement in the nature of amalgamation of Nirma Consumer Care Ltd., wholly owned subsidiary of the Company with, the Company and Scheme of Arrangement in the nature of Demerger of Cement and Mining Division of Nirma Credit and Capital Private Limited and transfer to the Company. The appointed date of both the Schemes is 1st April 2009.

These schemes are subject to the approval by members, Hon'ble High Court of Gujarat and other regulatory authorities. The requisite approval is under process and no effect has been given in the accounts of current year.

11. The impairment in respect of Building Rs.Nil (p.y.Rs.20 crores) and Plant and Machinery Rs.Nil (p.y. Rs.40 crores) aggregating to Rs.Nil (p.y.Rs.60 crores) was charged to Profit and Loss Account. The impairment was towards fixed assets employed in pharma division at Sachana Undertaking.
12. Effective from April 1, 2008, consequent to the exercise of the option available as per the new paragraph 46 of the Accounting Standard 11 The Effects of Changes in Foreign Exchange Rates notified by the Ministry of Corporate Affairs vide Notification dated 31st March 2009 on Companies (Accounting Standard) Amendment Rules, 2009 (G.S.R.225 [E] dated 31.03.2009), on exercise of option, the Company transferred Rs.16.48 crores (p.y.Rs.89.59 crores) to Foreign Currency Monetary Item Translation Difference Account. The Company has written off Rs.5.05 crores (p.y.Rs.29.86 crores) to Profit and Loss Account and Rs.11.43 crores is remaining to be written back (p.y.Rs.59.73 crores is remaining to be amortised).
13. Hitherto intangible assets were amortised in 10 years. The remaining life is changed from four years to two years resulting into under statement of profit for the year by Rs.39.34 crores.
14. As per the provisions of "The Micro, Small And Medium Enterprises Development Act, 2006" the principal amount payable to micro, small and medium enterprises is Rs.1.16 crores (p.y.Rs.0.71 crore) and no interest due thereon is remaining unpaid. These amounts have been included in Sundry Creditors.

This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

Aaditya Control, Aditi Engineer, Aditya Heat Electrical, Aira Pneumatics, Alfa Industrial Eng, Alflow Glass Equipment, Alpmitt Engineers, Alpmitt Engineers Pvt. Ltd., Altop Industries Ltd, Ami Industrial Corpn, Arbuda Sil-Chem Pvt. Ltd., Ardor Chemicals, Arjay Polymers, Arrested Daylight, Ashok Industries, Avro Industries, Bela Instrument, Blue corn winding work, Capri Dye Chem Pvt. Ltd., Chandresh Cables Ltd., Chemet Agencies Gujarat, Chemtech Industrial Valve, Chintan Engineering, Chintan Rubber Industries, Devraj Engineers, Dhan Minerals, Durga Engineering Co., Eagle Scale Manufacture, Farris Engineering, Ganesh Engineers, General Instruments Co., Giriraj Electrical Pvt. Ltd., GMC Engineering, Gujarat Acetyline Pvt. Ltd., Hardik Engineers, Heat King Industries, Heatsun Electrical, Hiecon Technologies, Hi-Rel Electronics Ltd., Herizon Microtech Pvt. Ltd., Inmarco Industrial, J.J Communication, Jayshree Electron Pvt. Ltd., Kantilal Chunilal and Sons, Katlax Enterprises Pvt. Ltd., Areva T & D India, Madhavdas Manilal & Co., Maize Products, Masibus Automation & Co., Mazda Limited, Modsonic Instruments, Monarch Chemicals, MTL India Instrument Pvt. Ltd., Pankaj Packaging, Perfect Valves & Pneumatics, Polycab Wires Pvt. Ltd., Precifine Products Pvt. Ltd., Precision Industries, Premium Pulman Pvt Ltd., Pyrotech Electronics, Rangers Industrial Co., Revathi Electronics & Controls, S. K. Insulation, Safeworld Systems Pvt. Ltd., Samson Controls Pvt. Ltd., Saurabh India Pvt. Ltd., Schenck Jenson & Nich, Shiv Shakti Wire Indu, Shri Ambika Scale Mfg., Shyam Chemicals, Siri Ram Filtration, Standard Spring Works, Sweta Rubber, Tech Aid, Techno Instruments, The Kcp Limited,

Trio Engineering Work, Trio Gasket Co., Trio Transformer, Triveni Equipments, Volpak Systems Pvt. Ltd., Voltamp Transformers, Xsis Power System, Biren Industries, Cooling Mfg. Pvt. Ltd., Crescent Electronics Pvt. Ltd., D. K. Scientific Technologies, HOF Global Venture, Kembert Machinery Co. Pvt. Ltd., Liquipack Systems Pvt. Ltd., Lubgraf Products, Neela India Pvt. Ltd., N.K.P. Pharma Pvt. Ltd., Sigma Services, S. Kumar Computers Pvt. Ltd., Stacker's and Movers (I) Mfg. Co., Tapan Oxygen, Tex-Mach Industries, Unipack Machine Pvt. Ltd. and Vishal Fasteners.

15. (A) Figures of previous year have been regrouped wherever necessary.
 (B) Figures have been presented in 'crores' of rupees with two decimals. Figures less than Rs.50,000 have been shown at actual in brackets.

16. Earnings per share (EPS)

		Rs. in crores	
		2009-2010	2008-2009
(I)	Profit for basic and diluted earning per share		
	Net Profit	229.10	87.04
	Adjustment		
	Add : Provision of taxation of earlier years written back	Nil	6.39
	Add : Excess depreciation provided in earlier years written back	8.84	Nil
	Less : Final dividend on preference shares (including tax on dividend)	Nil	0.10
	Net Profit (for basic) (a)	237.94	93.33
	Net Profit (for diluted) (b)	237.94	93.33
(II)	Weighted average number of equity shares (Face value of Rs.5 per share)		
	For Basic earning per share (c) (Nos.)	159142282	159142282
	For Diluted earnings per share (d) (Nos.)	159142282	159142282
(III)	Earning per share (Weighted Average) (Face value of Rs.5 per share)		
	Basic (a/c)	14.95	5.86
	Diluted (b/d)	14.95	5.86

17. The names of related parties with relationship and transactions with them are disclosed as under.

(A) Relationship:

(I) Shareholders :

Shri Karsanbhai K. Patel, Smt. Shantaben K. Patel, Shri Rakeshbhai K. Patel, Shri Hirenbhai K. Patel, Shri Ambubhai M. Patel, Kargil Holdings Pvt. Ltd., Uri Holdings Pvt. Ltd., Leh Holdings Pvt. Ltd., Banihal Holdings Pvt. Ltd. and Kulgam Holdings Pvt. Ltd. are holding totally 77.17 % equity shares in the Company.

(II) Subsidiaries of the Company : (wholly owned)

(a) **Direct Holding** : Nirma Consumer Care Limited, Karnavati Holdings Inc. USA

(b) **Indirect Holding** : Searles Valley Minerals Operations Inc (SVMO) USA, Searles Valley Minerals Inc.(SVM) USA, wholly owned subsidiaries of Karnavati Holdings Inc USA.

Searles Domestic Water Company LLC, Searles Valley Residences LLC, Trona Railway Company LLC, NATI LLC (wholly owned by SVMO), Searles Valley Minerals Europe (wholly owned by SVM)

(III) Associates Entities :

Kargil Holdings Pvt. Ltd., Uri Holdings Pvt. Ltd., Leh Holdings Pvt. Ltd., Banihal Holdings Pvt. Ltd., Kulgam Holdings Pvt. Ltd., Nirma Credit & Capital Pvt. Ltd., Nirma Industries Pvt. Ltd., Nirma Chemical Works Pvt. Ltd., Saurashtra Chemicals Ltd., Baeurer Infotech Ltd., Nefron Ltd., Mahuva Port and Infrastructure Pvt. Ltd., Kanak Castor Products Pvt. Ltd., Nirma Education and Research Foundation, Nirma University, Nirma Labs, Trona Export Terminals LLC, USA., Nirma Capital Pvt. Ltd. and Nirma Investment Pvt. Ltd.

(IV) Key Management Personnel :

Shri Hirenbhai K. Patel - Managing Director
Shri Kalpeshbhai A. Patel - Executive Director

(V) Relatives

Shri Karsanbhai K. Patel, Smt. Shantaben K. Patel, Shri Rakeshbhai K. Patel, Shri Ambubhai M. Patel, Smt. Keyuriben R. Patel and Smt. Rajalben H. Patel.

(B) The following transactions were carried out with the related parties referred in above in the ordinary course of business.

Rs. in crores

	Subsidiary Companies	Associates Entities	Relatives	Key Management Personnel
(1) Sales return (net of Sales)	Nil (0.05)			
(2) Sales of material	Nil (0.14)	6.01 (5.63)		
(3) Commission income	Nil (Rs.2355)			
(4) Purchase of finished goods	6.24 (5.43)	89.10 (Nil)		
(5) Purchase of materials	2.87 (Nil)	1.00 (135.72)		
(6) Purchase of fixed assets		Nil (0.51)		
(7) Interest income	1.72 (0.03)			
(8) Salary expenses				1.22 (0.84)
(9) Rent expenses		0.03 (Rs.30000)		
(10) Directors' fees			0.01 (0.01)	
(11) Interest expenses		1.38 (18.65)	2.77 (1.32)	1.48 (0.87)
(12) Share investment	Nil (493.92)			
(13) ICD / Loan – taken		64.15 (582.65)	232.49 (201.84)	114.03 (119.11)
(14) ICD / Loan – given	96.89 (1.89)			
(15) ICD / Loan – recovered	83.49 (1.93)			
(16) ICD / Loan – repaid		105.84 (563.59)	120.97 (201.84)	41.25 (119.11)
(17) Advance against purchase of materials		226.47 (Nil)		
(18) Redemption of preference shares			Nil (2.75)	Nil (Rs.1500)
(19) Earmarking of credit limit		Nil (13.00)		
(20) Corporate guarantee in favour of lenders for securing loans	381.82 (659.62)			
(21) Processing charges		7.00 (7.34)		
(22) Net closing balance – debit	14.04 (3.11)	204.18 (Nil)		
(23) Net closing balance – credit		Nil (74.28)	111.52 (Nil)	72.78 (Nil)

18. Information pursuant to Clause 32 of the Listing Agreement

Loans and Advances in the nature of loan to subsidiaries :

Rs. in crores

Name of Company	Balance as at 31 st March, 2010	Maximum outstanding During the year
Nirma Consumer Care Ltd.	4.05 (p.y. 3.87)	4.08 (p.y. 9.95)
Karnavati Holdings Inc.	10.63 (p.y.Nil)	96.51 (p.y. 1.82)

19. C.I.F. VALUE OF IMPORTS, REMITTANCES, EXPENDITURE AND EARNINGS IN FOREIGN CURRENCY :

Rs. in crores

		2009-2010	2008-2009
(A)	C.I.F. value of imports		
	Raw materials	258.03	255.84
	Spare parts	10.97	25.52
	Capital Goods	11.54	19.71
(B)	Expenditure in foreign currency		
	Interest	28.50	27.12
	Consulting Fees	2.08	1.28
	Royalty	7.02	Nil
	Others	1.30	10.91
(C)	Dividend remitted in Foreign Currency (No of Shareholder 1(p.y.1) No of shares 21200 (p.y.21200).	0.01	0.01
(D)	Earnings in foreign currency		
	Export of goods	182.58	154.28
	Interest	1.72	Nil
	Others (claims and freight)	Nil	0.02

20. DETAILS OF RAW MATERIALS CONSUMPTION :

Particulars	2009-2010		2008-2009	
	Qty (MT)	Rs. in crores	Qty (MT)	Rs. in crores
(A) Raw materials consumption				
Chemicals and perfumes	1782438	855.53	1634126	1008.65
Oils and fats	57554	202.33	43468	181.58
Others		196.16		208.66
		1254.02		1398.89
(B) Imported and Indigenous materials Consumption	%		%	
(I) Raw materials				
Imported	16.84	211.18	19.76	276.41
Indigenous	83.16	1042.84	80.24	1122.48
	100.00	1254.02	100.00	1398.89
(II) Spare parts and Components				
Imported	15.71	12.40	25.39	15.60
Indigenous	84.29	66.54	74.61	45.85
	100.00	78.94	100.00	61.45

21. LICENSED AND INSTALLED CAPACITY (in Tonnes)

		INSTALLED CAPACITY	
	Products	2009-2010	2008-2009
(i)	Synthetic Detergents	*	*
(ii)	Alfa Olefin Sulphonate	10000	10000
(iii)	Sulphuric Acid	125000	125000
(iv)	Toilet Soap	170000	170000
(v)	Distilled Fatty Acid	135000	135000
(vi)	Glycerine	18000	18000
(vii)	Shampoo	2000	2000
(viii)	Linear Alkyl Benzene	75000	75000
(ix)	Soda Ash	650000	650000
(x)	Single Super Phosphate	100000	100000
(xi)	Packaging	13500	13500
(xii)	Salt	1800000	1800000
(xiii)	Tooth Paste	2000	2000
(xiv)	Caustic Soda	87600	Nil
(xv)	Infusions (Nos. in Lacs)	2381	2381
(xvi)	Injectables (Nos. in Lacs)	9275	9275
(xvii)	Disposables (Syringe, Plastic infusion set & Needles) (Nos. in Lacs)	5860	5860
(xviii)	Others (ORS, Blood Bags, CAPD Bags etc.) (Nos. in Lacs)	56	56

(A) Licensed capacity not indicated for all products due to the abolition of industrial licences as per notification No. S.O. 477 (E), Dated 25th July, 1991.

(B) * Not Ascertainable.

(C) The installed capacity as shown above has been certified by management and not verified by the auditors, being a technical matter.

22. STOCK, PRODUCTION AND TURNOVER

(I) OPENING & CLOSING STOCK

Rs. in crores

Class of Goods	2009 - 2010				2008 - 2009			
	Opening Stock		Closing Stock		Opening Stock		Closing Stock	
	Tonnes	Rs.	Tonnes	Rs.	Tonnes	Rs.	Tonnes	Rs.
Detergents	24720	42.46	22649	36.32	19533	31.15	24720	42.46
Toilet Soap	6067	34.68	4613	23.62	5305	26.84	6067	34.68
Linear Alkyl Benzene	2151	17.34	5872	43.18	1477	10.79	2151	17.34
Soda Ash	11107	15.91	7437	7.62	7215	7.20	11107	15.91
Infusions (Numbers in Lacs)	179	16.27	180	13.98	225	20.54	179	16.27
Injectible (Numbers in Lacs)	680	6.92	542	5.03	463	4.85	680	6.92
Others		26.36		35.74		32.47		26.36

(II) (+) PRODUCTION & (#) TURNOVER

Rs. in crores

Class of Goods	Production		Turnover			
	2009 - 2010	2008 - 2009	2009 - 2010		2008 - 2009	
	Tonnes	Tonnes	Tonnes	Rs	Tonnes	Rs
Detergents	560043	640281	562114	1350.27	635094	1680.16
Toilet Soap	58634	59880	60088	436.75	59118	429.10
Linear Alkyl Benzene	89981	78710	35465 @ 50795	312.78	22565 @ 55471	222.49
Soda Ash	450294	397070	395249 @ 58715	595.83	283338 @ 109840	505.01
Infusions (Numbers in Lacs)	1525	980	1524	147.04	1026	109.03
Injectible (Numbers in Lacs)	3232	3068	3370	37.57	2851	31.71
Others				448.94		376.56

(III) GOODS TRADED IN PURCHASES

Rs. in crores

Class of Goods	2009 - 2010		2008 - 2009	
	Tonnes	Rs.	Tonnes	Rs.
Detergents	3078	4.15	Nil	Nil
Other		32.72		22.70

- (i) + excluding item intended for captive consumption.
 (ii) # includes goods issued for sales promotion.
 (iii) @ transferred for captive consumption.

SIGNATURES TO SCHEDULE 1 TO 19

As per our report of even date
 For Hemanshu Shah & Co.
 Chartered Accountants

H. C. SHAH
 Proprietor
 Membership No.36441

Place : Ahmedabad
 Date : May 31, 2010

HIREN K. PATEL
 Managing Director

PARESH SHETH
 Company Secretary

Dr. K. K. PATEL
 Chairman

RAJENDRA D. SHAH
 Director

**STATEMENT PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

I. Registration details

Registration No.	04-3670	State Code	04
Balance Sheet Date	31.03.2010		

II. Capital raised during the year (Amount Rs. in thousands)

Public issue	Right issue
Nil	Nil
Bonus issue	Private Placement
Nil	Nil

III. Position of mobilisation and deployment of funds (Amount Rs. in thousands)

Total Liabilities	Total Assets
37427382	37427382

SOURCES OF FUNDS

Paid-up capital	Reserves & Surplus
795713	26758972
Secured Loans	Unsecured Loans
7519660	2353037

APPLICATION OF FUNDS

Net fixed assets	Investments
21953421	5357285
Net current assets *	Misc. expenditure
10116676	Nil
Accumulated losses	
Nil	

* Including deferred tax liabilities (net)

IV. Performance of company (Amount Rs. In thousands)

Turnover	Total expenditure
33291842	25710556
Profit before tax	Profit after tax
2763203	2379435
Earning per share	Dividend rate %
14.95	90

V. Generic names of three principal products of the Company (As per monetary terms)

Item code no.(ITC code)	34029001
Product description	Synthetic Detergents
Item code no.(ITC code)	34011103
Product description	Toilet Soaps
Item code no.(ITC code)	28362009
Product description	Soda ash

Cash flow statement for the year ended 31st March, 2010

Rs. in crores

			2009-2010	2008-2009
A	Cash flow from operating activities :			
	Net Profit before tax		276.32	118.33
	Assets impairment		Nil	60.00
	Notional exchange loss on revaluation of ECBs		5.05	29.86
	Depreciation		287.56	244.44
	Interest (net)		31.72	47.41
	Exchange rate difference		(6.82)	(3.63)
	(Profit) / loss on sale of fixed assets (net)		(0.59)	(0.34)
	Benefit on settlement of loan		Nil	(1.60)
	Dividend		(0.03)	(0.20)
	Provision of doubtful advance		4.90	Nil
	Doubtful advance written off		11.22	Nil
	Provision of doubtful debts		0.09	Nil
	Bad debt written off		4.54	4.02
	Profit on sale of investment		(5.16)	Nil
	Fixed assets written off		3.94	Nil
			336.42	379.96
	Operating profit before working capital changes		612.74	498.29
	Adjustments for :			
	Trade and other receivables	(260.05)		(40.60)
	Inventories	8.12		34.89
	Trade payable	57.97		(1.48)
			(193.96)	(7.19)
	Cash generated from operations		418.78	491.10
	Interest paid	(56.36)		(68.30)
	Direct taxes paid	(57.23)		(38.03)
			(113.59)	(106.33)
	Net cash from operating activities		305.19	384.77
B	Cash flow from investing activities :			
	Purchase of fixed assets	(316.71)		(294.83)
	Sale of fixed assets	(3.76)		0.28
	Sale of investment	9.20		Nil
	Purchase of investments	Nil		(493.92)
	Interest received	20.51		23.61
	Dividend received	0.03		0.20
	Net cash used in investing activities		(290.73)	(764.66)
			14.46	(379.89)
C	Cash flow from financing activities :			
	Change in loans and deposits	14.86		(1.92)
	Redemption of preference share	Nil		(2.79)
	Proceed from borrowings	278.35		882.75
	Repayment of borrowings	(354.54)		(282.49)
	Dividend paid (Including dividend tax)	(74.43)		(74.72)
	Net cash used in financing activities		(135.76)	520.83
	Net increase in cash and cash equivalents		(121.30)	140.94
	Cash and cash equivalents (opening)		213.59	72.65
	Cash and cash equivalents (closing)		92.29	213.59

Note : (1) Previous year's figures have been regrouped, wherever necessary, to confirm to this year's classification .

As per our report of even date
For Hemanshu Shah & Co.
Chartered Accountants

H. C. SHAH
Proprietor
Membership No.36441

Place : Ahmedabad
Date : May 31, 2010

HIREN K. PATEL
Managing Director

PARESH SHETH
Company Secretary

Dr. K. K. PATEL
Chairman

RAJENDRA D. SHAH
Director

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

Name of Subsidiaries	Nirma Consumer Care Limited	Karnavati Holdings Inc.*	Searles Valley Minerals Inc.*	Searles Valley Minerals Operations Inc.*
Financial Year ended on	31.03.2010	31.03.2010	31.03.2010	31.03.2010
Number of shares in the subsidiaries held by Nirma Limited at the above date	4,60,000	10001000	Nil	Nil
Percentage of Holding	100	100	Nil	Nil
	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore
Net aggregate amount of subsidiary's Profits/(Losses) so far it concerns the members of the Holding Company not dealt with in the Holding Company's Accounts				
i) For the Current financial year	-0.85	-12.07	16.09	21.20
ii) For the previous financial years since it become subsidiary	0.68	-28.48	44.36	-2.16
Net aggregate amount of Profits / (Losses) of subsidiary which has been dealt with in the Accounts of Holding Company				
i) For the current financial year	Nil	Nil	Nil	Nil
ii) For the previous financial years since it become subsidiary	Nil	Nil	Nil	Nil

Name of Subsidiaries	Searles Domestic Water Company LLC*	Searles Valley Residences LLC*	Trona Railway Company LLC*	NATI LLC*	Searles Valley Minerals Europe*
Financial Year ended on	31.03.2010	31.03.2010	31.03.2010	31.03.2010	31.03.2010
Number of shares in the subsidiaries held by Nirma Limited at the above date	Nil	Nil	Nil	Nil	Nil
Percentage of Holding	Nil	Nil	Nil	Nil	Nil
	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore
Net aggregate amount of subsidiary's Profits/(Losses) so far it concerns the members of the Holding Company not dealt with in the Holding Company's Accounts					
i) For the Current financial year	-0.10	-0.06	14.62	-14.64	0.27
ii) For the previous financial years since it become subsidiary	0.04	-0.33	22.25	-15.47	-0.49
Net aggregate amount of Profits / (Losses) of subsidiary which has been dealt with in the Accounts of Holding Company					
i) For the current financial year	Nil	Nil	Nil	Nil	Nil
ii) For the previous financial years since it become subsidiary	Nil	Nil	Nil	Nil	Nil

* Converted in Rs.as per Exchange Rate of Rs.44.92 per USD as on 31st March 2010

Dr. K. K. PATEL
Chairman

RAJENDRA D. SHAH
Director

Place : Ahmedabad
Date : May 31, 2010

HIREN K. PATEL
Managing Director

PARESH SHETH
Company Secretary

INFORMATION ON SUBSIDIARIES

(Rs. in crore)

Particulars	Nirma Consumer Care Limited	Karnavati Holdings Inc.*	Searles Valley Minerals Inc.*	Searles Valley Minerals Operations Inc.*
Financial year ended on	31.03.2010	31.03.2010	31.03.2010	31.03.2010
Capital (including additional paid in capital)	(1) 0.46	561.50	201.96	688.91
Reserves (retained earnings)	(2) 2.47	-40.56	60.45	19.04
Total Liabilities	(3) 4.19	377.95	118.93	169.62
Total Assets	(4) 7.12	898.89	381.35	877.57
Investments (other than investment in subsidiaries)	(5) Nil	Nil	Nil	Nil
Turnover	(6) 0.01	Nil	1419.36	921.76
Profit Before Taxation	(7) 0.84	-13.86	21.74	53.39
Provision for Taxation	(8) Nil	-1.78	5.65	32.19
Profit After Taxation	(9) 0.85	-12.07	16.09	21.20
Proposed Dividend	(10) Nil	Nil	Nil	Nil

Particulars	Searles Domestic Water Company LLC *	Searles Valley Residences LLC *	Trona Railway Company LLC *	NATI LLC *	Searles Valley Minerals Europe*
Financial year ended on	31.03.2010	31.03.2010	31.03.2010	31.03.2010	31.03.2010
Capital (including additional paid in capital)	(1) 1.68	-2.28	132.22	-129.61	3.34
Reserves (retained earnings)	(2) -0.06	-0.38	36.87	-30.11	-0.22
Total Liabilities	(3) 0.09	2.99	1.37	179.14	2.83
Total Assets	(4) 1.71	0.32	170.46	19.42	5.95
Investments (other than investment in subsidiaries)	(5) Nil	Nil	Nil	Nil	Nil
Turnover	(6) 1.79	Nil	10.70	Nil	4.73
Profit Before Taxation	(7) -0.10	-0.06	14.62	-14.64	0.27
Provision for Taxation	(8) Nil	Nil	Nil	Nil	Nil
Profit After Taxation	(9) -0.10	-0.06	14.62	-14.64	0.27
Proposed Dividend	(10) Nil	Nil	Nil	Nil	Nil

* Converted in Rs.as per Exchange Rate of Rs.44.92 per USD as on 31st March 2010

The Annual Accounts of the subsidiary companies and related detailed information will be made available to any member of the Company and subsidiary companies seeking such information at any point of time. The Annual Accounts of subsidiary Companies will also be kept for inspection by any member at the Registered Office of the Company and that of subsidiary companies concerned.

Report of the auditors to the Board of Directors of Nirma Limited on the Consolidated Financial Statements of Nirma Limited and its subsidiaries

To The Board of Directors
Nirma Limited
Ahmedabad.

We have audited the attached Consolidated Balance Sheet of Nirma Limited (the Company) and its subsidiaries (collectively referred to as "the Group") as at 31st March, 2010, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. We did not audit the financial statements of eight subsidiaries, whose financial statements/consolidated financial statements reflect total assets of Rs.1196.22 crore as at 31st March, 2010, total revenue of Rs.1507.78 crore and cash flows amounting to Rs.22.80 crore for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
2. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated Financial Statements and Accounting Standards (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements notified by Companies (Accounting Standards) Rules, 2006.
3. Refer note no 11 of Notes to Accounts in Schedule 19 regarding the scheme of Demerged undertaking. The Company has taken over Demerged undertaking of Core Healthcare Ltd. (CHL) under the composite scheme of Arrangement sanctioned by the Hon'ble High Court of Gujarat by order dated 1st March, 2007. The appointed date for this purpose was 1st December, 2004 and the effective date is 7th March, 2007. Three parties have filed appeal against this order before the Division Bench of Hon'ble High Court of Gujarat and their appeal, which has been admitted, is pending. The Company has given effect to the above scheme subject to the decision in appeal before the Hon'ble High Court.
4. Based on our audit as aforesaid, and on consideration of reports of other auditors on the separate financial statements and on the other financial information of the components and accounts approved by the Board of Directors as explained in paragraph 3 above and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India :
 - (i) In the case of the Consolidated Balance Sheet, of the State of Affairs of the Group as at 31st March, 2010 ;
 - (ii) In the case of the Consolidated Profit and Loss Account, of the Profit of the Group for the year ended on that date ; and
 - (iii) In the case of the Consolidated Cash Flow Statement, of the Cash Flows of the Group for the year ended on that date.

For Hemanshu Shah & Co.
Chartered Accountants
Firm Registration No. 122439W

Place : Ahmedabad
Date : May 31, 2010

H. C. Shah
Proprietor
Membership No. 36441

BALANCE SHEET AS AT 31ST MARCH, 2010

Rs. in crores

		Schedule	As at 31.03.2010	As at 31.03.2009
I	SOURCES OF FUNDS			
	Shareholders' Funds			
	Share capital	1	79.57	79.57
	Reserves and surplus	2	2745.79	2481.90
			2825.36	2561.47
	Loan Funds			
	Secured loans	3	887.00	1200.80
	Unsecured loans	4	439.85	466.22
			1326.85	1667.02
			4152.21	4228.49
II	APPLICATION OF FUNDS			
	Fixed Assets	5		
	Gross block		5031.53	4695.93
	Less : Depreciation		2493.14	2187.30
	Net block		2538.39	2508.63
	Add : Capital work-in-progress		286.96	255.42
			2825.35	2764.05
	Investments	6	2.40	6.36
	Current Assets, Loans & Advances			
	Inventories	7	809.61	888.21
	Sundry debtors	8	514.63	561.73
	Cash and bank balances	9	171.14	270.62
	Loans and advances	10	740.06	621.08
			2235.44	2341.64
	Less : Current Liabilities and Provisions	11		
	Current liabilities		389.52	369.06
	Provisions		241.37	250.68
			630.89	619.74
	Net Current Assets		1604.55	1721.90
	Deferred tax liabilities (Net)	12	280.09	263.82
			1324.46	1458.08
			4152.21	4228.49
	Notes forming part of accounts	19		

As per our report of even date
For Hemanshu Shah & Co.
Chartered Accountants

H. C. SHAH
Proprietor
Membership No.36441

Place : Ahmedabad
Date : May 31, 2010

HIREN K. PATEL
Managing Director

PARESH SHETH
Company Secretary

Dr. K. K. PATEL
Chairman

RAJENDRA D. SHAH
Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

Rs. in crores

	Schedule	2009-2010	2008-2009
INCOME			
Sales		4831.61	4898.71
Less : Excise duty		211.23	323.89
Sales Net		4620.38	4574.82
Other income	13	75.72	69.93
Increase / (Decrease) in stock	14	(52.86)	122.50
		4643.24	4767.25
EXPENDITURE			
Consumption of raw materials	15	1326.43	1528.49
Purchase of goods traded in		40.83	22.77
Payments to and provision for employees	16	438.74	403.02
Manufacturing, administrative and selling expenses	17	2108.12	2145.29
Interest and charges	18	51.99	74.85
		3966.11	4174.42
Profit before Depreciation, Exceptional items and Tax		677.13	592.83
Less : Provision for depreciation		337.48	288.01
Add : Share of profit in associates		0.08	0.80
Profit before Exceptional items and Tax		339.73	305.62
Less : Impairment of assets (See Note No.14)		Nil	60.00
Less : Fixed assets written off		3.94	Nil
Less : Exchange loss on revaluation on long term monetary items (See Note No.15)		5.05	29.86
Profit before Tax		330.74	215.76
Less : Provision for taxation - Current tax		72.95	34.13
- Fringe benefit tax		Nil	0.40
- Deferred tax		12.21	54.63
Profit for the year		245.58	126.60
Add : Excess depreciation provided in earlier years written back (net)		3.74	Nil
Add : Provision of taxation of earlier years written back during the year		0.01	6.40
Net Profit		249.33	133.00
Add : Balance in profit and loss account brought forward		82.55	126.92
Profit available for Appropriation		331.88	259.92
Less : Transferred to capital redemption reserve		Nil	2.79
: Transferred to general reserve		100.00	100.00
: Final dividend on preference shares		Nil	0.10
: Proposed dividend on equity shares		71.61	63.66
: Tax on dividend		11.91	10.82
Balance carried to Balance Sheet		148.36	82.55
Earning per equity share (Face value of Rs.5 per share) (See Note No.18)			
Basic		15.67	8.35
Diluted		15.67	8.35
Notes forming part of accounts	19		

As per our report of even date
For Hemanshu Shah & Co.
Chartered Accountants

H. C. SHAH
Proprietor
Membership No.36441

Place : Ahmedabad
Date : May 31, 2010

HIREN K. PATEL
Managing Director

PARESH SHETH
Company Secretary

Dr. K. K. PATEL
Chairman

RAJENDRA D. SHAH
Director

Nirma Limited - Consolidated

Rs. in crores

	As at 31.03.2010	As at 31.03.2009
SCHEDULE - 1		
SHARE CAPITAL		
AUTHORISED		
280000000 Equity shares of Rs.5 each	140.00	140.00
1000000 6% Redeemable non cumulative non convertible preference shares of Rs.100 each	10.00	10.00
	150.00	150.00
ISSUED AND SUBSCRIBED		
159175666 Equity shares of Rs.5 each	79.59	79.59
	79.59	79.59
PAID UP		
159142282 Equity shares of Rs.5 each Add : Forfeited shares [Rs.2000(p.y.Rs.2000)]	79.57	79.57
NOTES:		
1. Of the above shares, 35572914 equity shares of Rs.5 each have been allotted as fully paid up pursuant to the scheme of amalgamation/ scheme of demerger without payment being received in cash.		
2. Company has made allotment of 90998368 equity shares of Rs.5 each on exercising option by the warrant holders at a premium of Rs.40 per share (for share of Rs.10 each). 32584 equity shares of Rs.5 each were kept in abeyance due to court order.		
	79.57	79.57
SCHEDULE - 2		
RESERVES AND SURPLUS		
CAPITAL RESERVE		
As per last year	360.66	360.66
CAPITAL REDEMPTION RESERVE		
As per last year	2.81	0.02
Add : Transferred from profit and loss account	Nil	2.79
	2.81	2.81
SHARE PREMIUM		
As per last year	222.70	222.70
GENERAL RESERVE		
As per last year	1813.18	1799.30
Add : Transferred from profit and loss account	100.00	100.00
Less : Currency fluctuation reserve	(98.08)	86.12
	2011.26	1813.18
BALANCE IN PROFIT AND LOSS ACCOUNT		
	148.36	82.55
	2745.79	2481.90

Rs. in crores

	As at 31.03.2010	As at 31.03.2009
SCHEDULE - 3		
SECURED LOANS		
(See Notes No.7 & 15)		
Loans in foreign currency		
Long Term		
External commercial borrowings (ECBs)	516.58	583.51
Short Term		
Packing credit	8.36	Nil
Buyers line of credit	Nil	29.39
Loans and advances from banks		
Long term loans	135.03	152.22
Short term loans	Nil	255.75
Cash credit accounts	227.03	179.47
Loans and advances from others	Nil	0.46
	887.00	1200.80
SCHEDULE - 4		
UNSECURED LOANS		
(See Note No.8)		
Long term loans from banks	67.41	152.22
Short term loans from banks	137.13	228.33
Loan from directors	184.30	Nil
Inter corporate deposits	25.13	66.80
Trade deposits	25.84	18.83
Interest free sales tax deferment loan under sales tax incentive scheme of Government of Gujarat (guaranteed by directors)	0.04	0.04
	439.85	466.22

**SCHEDULE - 5
FIXED ASSETS**

Rs. in crores

PARTICULARS	GROSS BLOCK (at cost)				DEPRECIATION				NET BLOCK			
	As at 01.04.2009	Addition/ Adjustments during the year	Translation Adjustments	Deduction/ Adjustments during the year	As at 31.03.2010	As at 01.04.2009	Addition/ Adjustments during the year	Translation Adjustments - Accumulated Depreciation	Deduction / Adjustments during the year	Up to 31.03.2010	As at 31.03.2010	As at 31.03.2009
1. Goodwill	1.57	Nil	Nil	Nil	1.57	1.41	0.16	Nil	Nil	1.57	Nil	0.16
2. Goodwill on Consolidation	479.44	Nil	57.23	Nil	536.67	44.49	37.64	(1.62)	Nil	80.51	456.16	434.95
3. Trademark	429.17	Nil	Nil	Nil	429.17	264.65	82.26	Nil	Nil	346.91	82.26	164.52
4. Licence fee	Nil	33.86	Nil	Nil	33.86	Nil	8.46	Nil	Nil	8.46	25.40	Nil
5. Freehold land	62.44	8.69	Nil	Nil	71.13	Nil	Nil	Nil	Nil	Nil	71.13	62.44
6. Leasehold land (permanent)	0.13	Nil	Nil	Nil	0.13	Nil	Nil	Nil	Nil	Nil	0.13	0.13
7. Building	478.10	3.31	2.34	0.59	483.16	164.71	21.05	(0.37)	0.25	185.14	298.02	313.39
8. Plant & machinery	3185.88	245.59	9.36	29.12	3411.71	1680.61	187.86	0.09	33.92	1834.64	1577.07	1505.27
9. Furniture, fittings & equipments	19.73	0.35	Nil	0.08	20.00	13.01	1.18	Nil	0.05	14.14	5.86	6.72
10. Vehicles	39.47	5.48	0.04	0.86	44.13	18.42	4.14	(0.01)	0.78	21.77	22.36	21.05
Total	4695.93	297.28	68.97	30.65	5031.53	2187.30	342.75	(1.91)	35.00	2493.14	2538.39	2508.63
Previous year	4332.51	365.17	-	1.75	4695.93	1841.04	348.07	-	1.81	2187.30	2508.63	
Capital work in progress											286.96	255.42

Notes :

1. Building includes (Rs.1000) in respect of shares held in co-op housing society.
2. Capital work in progress includes advance against capital expenditure Rs.53.41 crores (p.y.Rs.35.21 crores).
3. Freehold land of Rs.0.31 crore and part of the fixed assets of Demerged Undertaking are yet to be transferred in the name of the company.
4. Asset impairment of Rs.Nil (p.y.Rs.60 crores included in depreciation for the year under the head of building Rs.20 crores and plant and machinery Rs.40 crores).
5. Rs.5.26 crores (p.y.Rs.0.06 crore) depreciation provided for previous year has been included under the heading depreciation during the year.
6. Rs.0.01 crore (p.y.Rs.Nil) depreciation provided during the year transferred to pre-operative expenses.
7. Rs.8.84 crores (p.y.Rs.0.24 crore) excess depreciation of earlier years has been written back under the head depreciation in deduction/adjustments during the year.

Rs. in crores

		As at 31.03.2010	As at 31.03.2009
SCHEDULE - 6			
INVESTMENTS (At cost) [Long term]			
Investments in Government securities (Unquoted)			
National Saving Certificate and Kisan Vikas Patra lodged with various authorities [Rs.42000 (p.y. Rs.42000)]			
Trade Investment			
In Equity Shares (Unquoted)			
	P.Y.		
100	100	Nutan Nagarik Sahakari Bank Ltd. each of Rs.25 [Rs.2500 (p.y.Rs.2500)]	
57040	57040	The Kalupur Comm.Co.op.Bank Ltd. each of Rs.25	0.14
			0.14
Investments in shares and debentures (Fully paid-up, other than trade)			
In Equity Shares (Quoted)			
	P.Y.		
Nil	15000	Tata Consultancy Services Ltd. each of Re.1 (15000 shares sold during the year)	0.64
35000	305451	National Thermal Power Corporation Ltd. each of Rs.10 (270451 shares sold during the year)	1.89
Nil	20000	Punjab National Bank Ltd. each of Rs.10 (20000 shares sold during the year)	0.78
10000	10000	HSBC Investdirect (India) Ltd. each of Rs.10 (name changed from IL& FS Investment Ltd.)	0.13
Nil	73558	Reliance Petroleum Ltd. each of Rs.10 (73558 shares sold during the year)	0.44
Nil	22018	Bank of Baroda Ltd. each of Rs.10 (22018 shares sold during the year)	0.51
			4.39
In Equity Shares (Listed but not Quoted)			
	P.Y.		
1000000	1000000	Inlac Granston Ltd. each of Rs.10	1.00
		Less : Provision for diminution in value	1.00
			Nil
In Equity Shares (Unquoted)			
	P.Y.		
100000	100000	Enviro Infrastructure Company Ltd. each of Rs.10	0.10
			0.10
Investments in shares of associates			
Fully paid equity shares (Unquoted)			
	P.Y.		
1300000	1300000	Kanak Castor Products Pvt. Ltd. each of Rs.10 (Including Goodwill of Rs.1.30 crores)	1.30
		Add/Less : Share of profit/loss in associates	0.43
			1.73
			6.36
Aggregate book value of Investments :			
		Unquoted	1.97
		Quoted [Market Value Rs.0.96 crores (p.y. Rs.8.44 crores)]	4.39
			6.36

Nirma Limited - Consolidated

Rs. in crores

	As at 31.03.2010	As at 31.03.2009
SCHEDULE - 7		
INVENTORIES		
Stores and spares	298.20	337.78
Raw materials [Including goods in transit Rs.0.08 crores(p.y.Rs.6.35 crores)]	179.66	165.82
Stock in process	52.85	49.61
Finished goods	278.90	335.00
	809.61	888.21
SCHEDULE - 8		
SUNDRY DEBTORS (Unsecured)		
More than six months		
Considered good	9.37	13.19
Considered doubtful	1.12	1.03
	10.49	14.22
Less : Provision for doubtful debts	1.12	1.03
	9.37	13.19
Others		
Considered good	505.26	548.54
Considered doubtful	Nil	4.11
	505.26	552.65
Less : Provision for doubtful debts	Nil	4.11
	505.26	548.54
	514.63	561.73
SCHEDULE - 9		
CASH AND BANK BALANCES		
Cash on hand [Including cheques on hand Rs.Nil (p.y.Rs.0.12 crore)]	0.48	0.52
	0.48	0.52
BANK BALANCES WITH SCHEDULED BANKS		
In current account (See Note No.13)	63.99	67.78
In unclaimed dividend account	0.42	0.37
In fixed deposit account	106.25	201.95
	170.66	270.10
	171.14	270.62

Rs. in crores

	As at 31.03.2010	As at 31.03.2009
SCHEDULE - 10		
LOANS AND ADVANCES (Unsecured)		
Advances recoverable in cash or in kind or for value to be received		
Considered good	383.18	206.72
Considered doubtful	4.90	49.74
	388.08	256.46
Less : Provision for doubtful advances	4.90	49.74
	383.18	206.72
Foreign Currency Monetary Item Translation Difference Account (See Note No.15)	Nil	59.73
Balance with central excise department	34.79	20.85
Income tax net of provision for taxation	322.09	333.78
	740.06	621.08
SCHEDULE - 11		
CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
Sundry creditors	334.05	332.57
Advances from customers	41.11	32.28
Foreign Currency Monetary Item Translation Difference Account (See Note No.15)	11.43	Nil
Interest accrued but not due	2.37	3.70
Amounts to be credited to Investor Education and Protection Fund		
Redemption amount on NCD/SPN	0.14	0.14
Unclaimed dividend	0.42	0.37
	0.56	0.51
	389.52	369.06
PROVISIONS		
Proposed dividend [Including tax on dividend Rs.11.90 crores (p.y. Rs.10.82 crores)]	83.51	74.48
Provision for retirement benefit	31.53	6.21
Other provisions	126.33	169.99
	241.37	250.68
	630.89	619.74

Nirma Limited - Consolidated

	Rs. in crores	
	As at 31.03.2010	As at 31.03.2009
SCHEDULE - 12		
DEFERRED TAX LIABILITIES (NET)		
DEFERRED TAX LIABILITIES		
Depreciation	384.83	428.30
Others	2.34	Nil
	387.17	428.30
DEFERRED TAX ASSETS		
Carried forward MAT	63.45	51.18
Carried forward Loss	Nil	65.26
Disallowance under Income Tax Act	43.63	48.04
	107.08	164.48
	280.09	263.82

	Rs. in crores	
	2009-2010	2008-2009
SCHEDULE - 13		
OTHER INCOME		
Job charges income	Nil	0.09
Exchange rate difference	6.82	3.63
Profit on sale of assets (net)	0.61	0.34
Profit on sale of investments	5.16	Nil
Claims and refunds	2.84	0.53
Benefit on settlement of loan	Nil	1.60
Dividend	0.03	0.20
Miscellaneous income (Note below)	60.26	63.54
	75.72	69.93
Note : Tax deducted at source included in Miscellaneous income	Nil	0.06

Rs. in crores

	2009-2010	2008-2009
SCHEDULE - 14		
INCREASE / (DECREASE) IN STOCK		
CLOSING STOCK		
Stock in process	52.85	49.61
Finished goods	278.90	335.00
	331.75	384.61
LESS : OPENING STOCK		
Stock in process	49.61	42.30
Finished goods	335.00	219.81
	384.61	262.11
	(52.86)	122.50
SCHEDULE - 15		
CONSUMPTION OF RAW MATERIALS		
Opening stock of raw materials	159.47	253.96
Add : Purchases and expenses	1347.04	1457.86
Less : Sales of raw materials	0.50	23.86
Closing stock of raw materials	179.58	159.47
	1326.43	1528.49
SCHEDULE - 16		
PAYMENTS TO AND PROVISION FOR EMPLOYEES		
Salaries, wages and bonus	365.28	328.59
Contribution to provident fund and other funds	24.49	26.57
Welfare expenses	48.97	47.86
	438.74	403.02

Nirma Limited - Consolidated

Rs. in crores

	2009-2010	2008-2009
SCHEDULE - 17		
MANUFACTURING, ADMINISTRATIVE AND SELLING EXPENSES		
Consumption of stores and spare parts	176.44	176.20
Power and fuel expenses	662.36	696.59
Excise duty provided on stocks	2.08	(1.56)
Processing charges	23.64	24.35
Rent expenses	64.34	63.03
Repairs and maintenance		
To building	3.30	2.58
To machinery	109.57	131.04
To others	5.38	6.19
	118.25	139.81
Insurance expenses	13.67	13.03
Rates and taxes	26.11	20.65
Payments to auditors		
Audit fees	1.03	2.29
Taxation matters	0.76	1.26
Other matters	0.06	0.06
	1.85	3.61
Cost Audit fees	0.01	0.01
	1.86	3.62
Directors' fees	0.04	0.04
Discount on sales	133.78	78.34
Commission on sales	7.19	10.36
Freight and transportation expenses	510.53	539.80
Sales tax expenses	150.05	172.33
Advertisement expenses	56.12	46.23
Exchange rate difference	4.04	17.22
Donation	1.55	0.48
Sales promotion expenses	4.47	3.68
Provision for doubtful advances	4.90	3.53
Doubtful advances written off	11.22	Nil
Provision for bad debts	0.09	Nil
Bad debts written off	5.58	4.02
Other expenses *	129.81	133.54
	2108.12	2145.29
* Including prior period adjustments(net) Rs.0.37 crore (p.y.Rs.(6.54) crores)		

Rs. in crores

	2009-2010	2008-2009
SCHEDULE - 18		
INTEREST AND CHARGES		
On Non-convertible debentures/bonds	5.68	11.99
On Fixed loans	43.20	60.42
On Others	19.61	9.50
Financial charges	5.78	18.10
	74.27	100.01
Less :		
Interest income (Note below)	22.28	25.16
	51.99	74.85
Note : Tax deducted at source included in Interest income	0.63	2.70

Nirma Limited - Consolidated

SCHEDULE - 19

NOTES FORMING PART OF THE ACCOUNTS:

1. BASIS OF CONSOLIDATION

The consolidated financial statements relate to Nirma Limited (the Company), its subsidiary companies and associate company. The Company, its subsidiaries and associate company constitute the Group.

(A) Basis of Accounting :

- (I) The financial statements of the subsidiary companies and associate companies used in the consolidation are drawn up to the same reporting date as of the company, i.e. for the year ended 31st March, 2010.
- (II) The financial statements of the Group have been prepared in accordance with the applicable Accounting Standards in India and other generally accepted accounting principles.

(B) Principles of Consolidation

The Consolidated Financial Statements relate to Nirma Limited and its various subsidiary companies, associates company. The Consolidated financial statements have been prepared on the following basis.

- (I) In respect of subsidiary companies, the financial statements have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating the intra group balances and unrealized profits /losses on intra group transactions as per Accounting Standard – AS 21 Consolidated Financial Statements issued by The Institute of Chartered Accountants of India.
- (II) Investments in associates have been accounted under equity method as per Accounting Standard 23 – Accounting for Investments in Associates in Consolidated Financial Statements issued by The Institute of Chartered Accountants of India.

The difference between the costs of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognized in the financial statements as goodwill or capital reserve as the case may be.

- (III) In case of foreign subsidiaries, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognized in the profit and loss account, except in the case of foreign subsidiaries being non-integral foreign operation, which are recognized in the currency fluctuation reserve.
- (IV) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.
- (V) The difference between the cost of investment in the associates and the share of net assets at the time of acquisition of shares in the associates is identified in the financial statements as Goodwill or Capital Reserve as the case may be.

(C) The Subsidiary companies considered in the consolidated financial statements are as under :

Sr. No.	Name of the Subsidiaries	Country of incorporation	Proportion of Ownership Interest
1	Nirma Consumer Care Limited	India	100%
2	Karnavati Holdings Inc.	USA	100%
3	Searles Valley Minerals Operations Inc.	USA	100%
4	Searles Valley Minerals Inc.	USA	100%
5	Searles Valley Minerals Europe.	France	100%
6	Searles Domestic Water Company LLC	USA	100%
7	Searles Valley Residences LLC	USA	100%
8	Trona Railway Company LLC	USA	100%
9	NATI LLC	USA	100%

(D) The significant associate company considered in the consolidated financial statements is:

Sr. No	Name of the Associate Company	Country of Incorporation	Proportion of Ownership Interest
1	Kanak Castor Products Pvt. Ltd	India	26%

2. SIGNIFICANT ACCOUNTING POLICIES :

(A) General

- (I) The accounts of the Company are prepared under the historical cost convention using the accrual method of accounting. However, insurance claims and other than cash compensatory incentives are accounted on the basis of receipt.
- (II) Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles.

(B) Use of Estimates

The presentation of the financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of financial statement. The actual outcome may diverge from these estimates.

(C) Fixed assets

Fixed assets are stated at cost, net of modvat, less depreciation. Interest on borrowing attributable till commencement of commercial production is capitalised. Capital work in progress includes advances for capital goods, pre production expenses and expenditure on projects under implementation including interest and other expenses capitalised.

(D) Depreciation

- (I) Depreciation, on fixed assets, has been provided in the accounts at the rates specified in Schedule XIV of the Companies Act, 1956.
- (II) Depreciation on fixed assets is provided on Written Down Value method, in following divisions. Mandali, Trikampura, Chhatral and Dhank.
 Depreciation on fixed assets is provided on Straight Line method in followings divisions.
 Alindra, Kalatalav-Bhavnagar, Moraiya, Sachana, Udaipur, Mahuva, Nirma Consumer Care Limited, Karnavati Holding Inc, Searles Valley Minerals inc, Searles Valley Minerals Operations Inc., Searles Domestic Water Company LLC, Searles Valley Residences LLC, Trona Railway Company LLC, NATI LLC, Searles Valley Minerals Europe and Kanak Castor Products Pvt. Ltd.
- (III) Intangible assets and Software are amortised in 8 years and 6 years respectively.
- (IV) Depreciation on additions is calculated pro rata from the month's following month of addition.
- (V) Depreciation on assets sold/discarded, during the year, has been provided up to the preceding month of sale/discard.

(E) Goodwill on consolidation

Goodwill on consolidation represents the difference between net worth of the invested company at the time of acquisition and the cost of investment made. The said goodwill is written off in 15 years.

(F) Investments

Long term investments are stated at cost. Investment in associates is accounted for using the equity method.

(G) Current assets

Inventories are valued at lower of cost or net realisable value.

Stores & spares	:	At weighted average basis
Raw materials	:	On FIFO basis
Stock in process	:	At cost
Finished goods	:	At lower of cost or net realisable value

(H) Sales

Sales, net of returns, include excise duty, sales tax and subsidy but trade discount and incentive schemes are separately booked as expenditure.

(I) Prior period and extraordinary items

Items of income and expenditure pertaining to prior period as well as extraordinary items, where material, are disclosed separately.

(J) Impairment of Assets

The Company identifies impairable assets based on cash generating unit concept at the year end for the purpose of arriving at impairment loss thereon, if any, being the difference between the book value and recoverable value of the relevant asset. Impairment loss when crystallizes is charged against revenue of the year.

(K) Provisions and Contingent liabilities

- (I) Provisions are recognized in the accounts in respect of present probable obligations, the amount of which can be reliably estimated.
- (II) Contingent liabilities are disclosed by way of notes to the Balance Sheet in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company.

(L) Employee benefits

- (I) Short-term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account for the year in which the related service is rendered.
- (II) Post employment and other long term employee benefits are recognized as an expense in the profit and loss account for the year in which the employee has rendered services. The expenses is recognized at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains and loss in respect of post employment and other long term benefits are charged to the profit and loss account.

(M) Export benefits

Duty - free imports of raw materials under advance license for imports, as per the Foreign Trade Policy, are matched with the exports made against the said licenses and the net benefit / obligations are accounted by making suitable adjustments in raw material consumption.

(N) Foreign currency transactions

- (I) Ministry of Corporate affairs issued notification GSR 225 (E) on 31st March 2009. In respect of long term foreign currency monetary items, the Company has exercised option to accumulate the changes in foreign exchange rate to Foreign Currency Monetary Items Translation Difference Account and would be amortised up to 31st March 2011.
- (II) Exchange difference for other monetary items are dealt with in the Company's Profit and Loss Account.
- (III) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of transactions.

(O) Borrowing cost

Borrowing cost includes interest, commitment charges, discount, ancillary cost and other cost incurred for arrangement of borrowing.

(P) Taxes on Income

Current tax is determined as the amount of tax payable in respect of taxable income for the period. Deferred tax is recognised, subject to the consideration of prudence in respect of deferred tax assets, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

3. In the past, fixed assets of Searles Valley Minerals Operations Inc and other entities were written off on 31st March, 2004 on acquisition of foreign subsidiaries by the previous owner. Fixed assets are not reinstated in accounts.

4. CONTINGENT LIABILITIES NOT PROVIDED FOR IN ACCOUNTS :-

Rs. in crores

		As at 31.03.2010	As at 31.03.2009
(A)	Claims against the Company not acknowledged as debts		
	(I) For custom duty	1.54	1.48
	(II) For direct tax (*)	1345.95	1017.83
	(III) For sales tax	43.61	20.43
	(IV) For excise duty and service tax [appeals decided in favour of the Company Rs.118.06 crores (p.y. Rs.107.71 crores)]	119.17	111.45
	(V) Disputed liabilities for Custom duty and Excise duty of the Demerged Undertaking, as per the Financial Statement of Core Health Care Ltd. (CHL) as certified by Statutory Auditor of CHL	4.50	4.50
	(VI) Others This includes the claims not acknowledged as debt of Rs.4.71 crores (p.y.Rs. 4.71 crores) of the Demerged Undertaking, as per the Financial Statement of CHL as certified by Statutory Auditor of CHL	10.06	10.31
		1524.83	1166.00
	(*) Income Tax department has raised demands by making various additions / disallowances. The Company is contesting demand, in appeals, at various levels. However, based on legal advice, the Company does not expect any liability in this regard.		
(B)	Estimated amount of contracts, remaining to be executed, on capital account (net of payment)	283.17	341.11
(C)	For letters of credit	125.61	96.73
(D)	For bank guarantee and bonds	25.99	2.87
(E)	Bills discounted with banks	3.53	Nil
(F)	Any liability and/or claim pertaining to Demerged Undertaking, for non availability of information/record from CHL, which may arise in future is not disclosed.		

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5. Borrowing cost capitalised during the year Rs.0.31 crores (p.y.Rs.23.02 crores).
6. Total Managerial remuneration include under the head “ Payments to and Provision for Employees”

Rs. in crores

		2009 – 2010	2008 – 2009
(A)	Salary	0.78	0.66
(B)	Contribution to provident fund	0.09	0.08
(C)	Perquisites	0.33	0.05
(D)	Provision for gratuity	0.02	0.05
		1.22	0.84

7. SECURED LOANS

External Commercial Borrowings (ECBs)

The External Commercial Borrowings are secured by first pari-passu charge on movable plant and machineries situated at Bhavnagar, Gujarat and by pledge of shares of Karnavati Holdings Inc., wholly owned subsidiary, held by the Company.

Term Loan

Term Loan granted by BNP Paribas to Karnavati Holdings Inc. (KHI) is secured by first pari-passu charge on fixed assets of KHI, Searles Valley Minerals Inc. (SVM) and Searles Valley Minerals Operations Inc. (SVMO), pledge of shares of SVM and SVMO held by KHI and corporate guarantee of the Company, SVM and SVMO.

Short Term Loans & Credit Facilities from Banks

- (I) The short term loans and credit facilities from Banks are secured on pari-passu basis, by a first charge, by way of hypothecation of specified stock of raw materials, stock in process, finished goods, other merchandise being movable, book debts, both present and future and by way of second charge on specified immovable properties, both present and future, of the Company.
- (II) The US subsidiary has an unused \$ 15 millions equivalent to Rs.67.38 crores working capital facility with a bank, secured by their accounts receivable. The line of credit is subject to certain financial covenants.

8. UNSECURED LOANS

Short Term Loan granted to Karnavati Holdings Inc. and Searles Valley Minerals Operations Inc. by HDFC Bank Ltd. is secured against the corporate guarantee of the Company.

Term Loan granted to Karnavati Holdings Inc. by Credit Agricole Corporate & Investment Bank is secured against the corporate guarantee of Nirma Limited.

9. As per Accounting Standard 15 “Employees Benefits” (Revised 2005) the disclosures of Employees benefits are defined in the Accounting Standard are given below:

- (I) Defined Contribution Plan

Contribution to Defined Contribution Plan, recognized as expenses for the year are as under:

Rs. in crores

	2009-2010	2008-2009
Employer's Contribution to Provident Fund	7.19	6.27

(II) Defined Benefit Plan

The employee's gratuity fund scheme managed by a Trust is defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service to build up the final obligation. The obligation for leave encashment is recognized in the same manner as gratuity.

Rs. in crores

	2009- 2010			2008-2009		
	Gratuity (Funded) (India)	Leave Encashment (Unfunded) (India)	Long Term Employee Benefits (Unfunded) (Foreign)	Gratuity (Funded) (India)	Leave Encashment (Unfunded) (India)	Long Term Employee Benefits (Unfunded) (Foreign)
a. Reconciliation of opening and closing balances of Defined Benefit obligation						
Defined Benefit obligation at beginning of the year	11.57	3.77	14.66	9.04	3.18	7.95
Current Service Cost	1.61	0.88	0.76	1.42	0.33	1.86
Interest Cost	0.96	0.31	0.51	0.71	0.25	0.26
Actual (gain) / loss	(0.54)	0.04	(4.04)	1.45	0.59	3.59
Benefits paid	(0.45)	Nil	0.96	(1.05)	(0.58)	(1.57)
Exchange Rate Difference			(3.42)			2.57
Defined Benefit Obligation at the year end.	13.15	5.00	9.43	11.57	3.77	14.66
b. Reconciliation of opening and closing balances of fair value of plan assets						
Fair value of plan assets at beginning of the year	5.36			5.25		
Expected return on plan assets	0.51			0.48		
Actuarial gain / (loss)	0.38			0.04		
Employer contribution	0.26			0.64		
Benefits paid	(0.45)			(1.05)		
Fair value of plan assets at the year end	6.06			5.36		
c. Reconciliation of fair value of assets and obligation						
Fair value of plan assets	6.06	Nil		5.36	Nil	
Present value of obligation	(13.15)	(5.00)	(9.43)	(11.57)	(3.77)	(14.66)
Amount recognised in Balance Sheet	(7.09)	(5.00)	(9.43)	(6.21)	(3.77)	(14.66)
d. Expenses recognised during the year (under the head of "Payments to and Provisions for Employees" – Refer Schedule –16)						
Current Service Cost	1.61	0.88	0.76	1.42	0.33	1.86
Interest Cost	0.96	0.31	0.51	0.71	0.25	0.26
Expected return on plan assets	(0.51)	Nil		(0.48)	Nil	
Actuarial (gain) / loss	(0.92)	0.04	(4.04)	1.41	0.59	3.59
Net Cost	1.14	1.23		3.06	1.17	
e. Investment Details:						
Invested						
Life Insurance Corporation of India	100%			100%		
Actuarial assumption						
Discount rate (per annum)	8.30%	8.30%	3.70%	7.91%	7.91%	2.71%
Expected rate of return on plan assets (per annum)	9.00%	Nil		9.00%	Nil	
Rate of escalation in salary (per annum)	6.00%	6.00%	4.00%	6.00%	6.00%	4.00%

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

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The expected rate of return on plan assets is determined considering several applicable factors, mainly the composition of plan assets held, assessed risks, historical results of return on plan assets and the Company's policy for plan assets management.

10. The Board of Directors of the Company at its meeting held on 31st March 2010 has approved Scheme of Arrangement in the nature of amalgamation of Nirma Consumer Care Ltd., wholly owned subsidiary of the Company with, the Company and Scheme of Arrangement in the nature of Demerger of Cement and Mining Division of Nirma Credit and Capital Private Limited and transfer to the Company. The appointed date of both the Schemes is 1st April 2009.

These schemes are subject to the approval by members, Hon'ble High Court of Gujarat and other regulatory authorities. The requisite approval is under process and no effect has been given in the accounts of current financial year.

11. The Composite Scheme of Compromise and Arrangement between Core Healthcare Limited (CHL), the Demerged Company, its Lenders and Shareholders and Nirma Limited, the Resulting Company and its Shareholders (the Scheme) under Sections 78, 100, 391 to 394 of the Companies Act, 1956, has been sanctioned by Hon'ble High Court of Gujarat vide an Order dated 01.03.2007. The Scheme has become effective with effect from 07.03. 2007. Three parties of CHL have filed an appeal before the Division Bench of Hon'ble High Court of Gujarat. The Scheme is subject to the result of the said appeal.
12. All of the vouchers, documents, data, records and books of accounts for the period from the Appointed Date of Demerger i.e. 1st December 2004 and up to and including the effective Date i.e. 7th March 2007 in relation to Demerged Undertaking are yet to be received from CHL.
13. Bank Balance in current accounts includes Rs.0.59 crore(p.y.Rs.0.59 crore) of demerged company acquired during financial year 2006-2007 is considered doubtful in absence of further information.
14. The impairment in respect of Building Rs.Nil. (p.y.Rs.20 crores) and Plant and Machinery Rs.Nil. (p.y.Rs.40 crores) aggregating to Rs.Nil. (p.y.Rs.60 crores) was charged to Profit and Loss Account. The impairment was towards fixed assets employed in Pharma Division at Sachana Undertaking.
15. Effective from April 1,2008, consequent to the exercise of the option available as per the new paragraph 46 of the Accounting Standard 11 The Effects of Changes in Foreign Exchange Rates notified by the Ministry of Corporate Affairs vide Notification dated March 31,2009 on Companies (Accounting Standard) Amendment Rules, 2009 (G.S.R 225 [E] dated 31.03.2009), on exercise of option, the Company transferred Rs.16.48 crores (p.y. Rs.89.59 crores) to Foreign Currency Monetary Item Translation Difference Account. The Company has written off Rs. 5.05 crores (p.y. Rs.29.86 crores) to Profit and Loss Account and Rs.11.43 crores is remaining to be written back (p.y. Rs.59.73 crores is remaining to be amortised).
16. Hitherto intangible assets were amortised in 10 years. The remaining life is changed from four years to two years resulting into under statement of profit for the year by Rs.39.34 crores.
17. (A) Figures of previous year have been regrouped wherever necessary.
(B) Figures have been presented in 'crores' of rupees with two decimals. Figures less than Rs.50,000 have been shown at actual in brackets.

18. EARNINGS PER SHARE (EPS) :

Rs.in crores

		2009-2010	2008-2009
(I)	Profit for basic and diluted earning per share		
	Net Profit	245.58	126.60
	Adjustment		
	Add : Provision of taxation of earlier years written back	0.01	6.40
	Add : Excess depreciation provided in earlier years written back	3.74	Nil
	Less : Final dividend on preference shares (including tax on dividend) (p.y. proposed dividend)	Nil	0.10
	Net Profit (for basic) (a)	249.33	132.90
Net Profit (for diluted) (b)	249.33	132.90	
(II)	Weighted average number of equity shares (Face value of Rs.5 per share)		
	For Basic earning per share (c) (Nos.)	159142282	159142282
	For Diluted earnings per share (d) (Nos.)	159142282	159142282
(III)	Earning per share (Weighted Average) (Face value of Rs.5 per share)		
	Basic (a/c)	15.67	8.35
	Diluted (b/d)	15.67	8.35

19. The names of related parties with relationship and transactions with them are disclosed as under.

(A) Relationship :
(I) Shareholders :

Shri Karsanbhai K. Patel, Smt. Shantaben K. Patel, Shri Rakeshbhai K. Patel, Shri Hirenbhai K. Patel, Shri Ambubhai M. Patel, Kargil Holdings Pvt. Ltd., Uri Holdings Pvt. Ltd., Leh Holdings Pvt. Ltd., Banihal Holdings Pvt. Ltd. and Kulgam Holdings Pvt. Ltd. are holding totally 77.17 % equity shares in the Company.

(II) Associates Entities :

Kargil Holdings Pvt. Ltd., Uri Holdings Pvt. Ltd., Leh Holdings Pvt. Ltd., Banihal Holdings Pvt. Ltd., Kulgam Holdings Pvt. Ltd., Nirma Credit & Capital Pvt. Ltd., Nirma Industries Pvt. Ltd., Nirma Chemical Works Pvt. Ltd., Saurashtra Chemicals Ltd., Baeurer Infotech Ltd., Nefron Ltd., Mahuva Port and Infrastructure Pvt. Ltd., Kanak Castor Products Pvt. Ltd., Nirma Education and Research Foundation, Nirma University, Nirma Labs, Trona Export Terminals LLC. USA, Nirma Capital Pvt. Ltd. and Nirma Investment Pvt. Ltd.

(III) Key Management Personnel :

Shri Hirenbhai K. Patel - Managing Director

Shri Kalpeshbhai A. Patel - Executive Director

(IV) Relatives :

Shri Karsanbhai K. Patel, Smt. Shantaben K. Patel, Shri Rakeshbhai K. Patel, Shri Ambubhai M. Patel, Smt. Keyuriben R. Patel and Smt. Rajalben H. Patel.

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(B) The following transactions were carried out with the related parties referred in above in the ordinary course of business.

Rs. in crores

	Associates Entities	Relatives	Key Management Personnel
(1) Sales of material	6.01 (5.63)		
(2) Purchase of finished goods	89.10 (Nil)		
(3) Purchase of materials	1.00 (135.72)		
(4) Purchase of fixed assets	Nil (0.51)		
(5) Salary & wages expenses			1.22 (0.84)
(6) Rent expenses	0.03 (Rs.30000)		
(7) Directors' fees		0.01 (0.01)	
(8) Interest expenses	1.38 (18.65)	2.77 (1.32)	1.48 (0.87)
(9) ICD / Loan – taken	64.15 (582.65)	232.49 (201.84)	114.03 (119.11)
(10) ICD / Loan – repaid	105.84 (563.59)	120.97 (201.84)	41.25 (119.11)
(11) Redemption of preference shares		Nil (2.75)	Nil (Rs.1500)
(12) Advance against purchase of materials	226.47 (Nil)		
(13) Earmarking of credit limit	Nil (13.00)		
(14) Processing charges	7.00 (7.34)		
(15) Net closing balance – debit	204.18 (Nil)		
(16) Net closing balance – credit	Nil (74.28)	111.52 (Nil)	72.78 (Nil)

20. LEASE :

Operating lease :

Foreign subsidiaries have taken certain properties and equipments under non – cancelable operating lease for varying periods. The details of lease rentals are as under :

Rs.in crores

Particulars	2009-2010	2008-2009
Not later than one year	0.05	0.06
Later than one year and not later than five years	0.12	0.18
Later than five years	0.02	0.02
Lease payment recognised in P & L account	0.05	0.05

21. SEGMENT INFORMATION FOR THE YEAR ENDED 31st MARCH, 2010 :
(A) Information about Primary Business Segment

Rs. in crores

	Soaps & Surfactants		Pharma		Processed Minerals		Other Businesses		Unallocated		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Revenue net of excise												
External	2605.70	2636.84	225.10	156.36	1509.53	1544.61	280.05	237.01	NII	NII	4620.38	4574.82
Intra segment	NII	NII	NII	NII	NII	NII	NII	NII	NII	NII	NII	NII
Inter segment (+)	3.12	1.58	NII	NII	2.87	NII	NII	NII	NII	NII	NII	NII
Total revenue	2605.70	2636.84	225.10	156.36	1509.53	1544.61	280.05	237.01	NII	NII	4620.38	4574.82
Result												
Segment result	419.56	373.23	(56.63)	(86.75)	75.15	124.97	28.22	43.96	NII	NII	466.30	455.41
Unallocated expenditure net of unallocated income	NII	NII	NII	NII	NII	NII	NII	NII	83.57	164.80	83.57	164.80
Interest expenses	NII	NII	1.54	NII	48.49	27.57	NII	NII	24.24	71.59	74.27	99.16
Interest income	NII	NII	0.12	NII	0.24	NII	NII	NII	21.92	24.31	22.28	24.31
Profit after Interest but before exceptional item	419.56	373.23	(58.05)	(86.75)	26.90	97.40	28.22	43.96	(85.89)	(212.08)	330.74	215.76
Provision for taxation	NII	NII	NII	NII	NII	NII	NII	NII	72.95	34.13	72.95	34.13
- Current tax	NII	NII	NII	NII	NII	NII	NII	NII	NII	0.40	NII	0.40
- Fringe benefit tax	NII	NII	NII	NII	NII	NII	NII	NII	12.21	54.63	12.21	54.63
- Deferred tax	419.56	373.23	(58.05)	(86.75)	26.90	97.40	28.22	43.96	(171.05)	(301.24)	245.58	126.60
Profit after tax	NII	NII	8.84	NII	(5.10)	NII	NII	NII	NII	NII	3.74	NII
Excess Depreciation provided in Earlier years written back (net)	NII	NII	NII	NII	NII	NII	NII	NII	0.01	6.40	0.01	6.40
Taxation for earlier year written back	419.56	373.23	(49.21)	(86.75)	21.80	97.40	28.22	43.96	(171.04)	(294.84)	249.33	133.00
Net Profit	419.56	373.23	(49.21)	(86.75)	21.80	97.40	28.22	43.96	(171.04)	(294.84)	249.33	133.00
Other information												
Segment assets	2498.10	2424.03	611.19	519.77	1195.58	1320.03	274.09	212.45	591.31	805.69	5170.27	5281.97
Segment liabilities	210.37	166.14	100.40	387.88	585.22	830.71	10.02	12.12	1438.90	1323.65	2344.91	2720.50
Capital expenditure	142.98	217.44	125.09	77.39	12.11	36.57	37.84	NII	10.80	NII	328.82	331.40
Depreciation	207.24	154.88	54.21	79.18	55.02	43.63	15.11	10.32	2.16	NII	333.74	288.01
Non-cash expenses other than depreciation	14.26	21.31	NII	NII	14.99	40.87	NII	NII	4.75	NII	34.00	62.18

* Total Gross Turnover is after elimination of Inter segment turnover of Rs 5.99 crores (p.y. Rs.1.58 crores)

(B) Information about secondary geographic segment

Rs in crores

	India		USA		Others		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Revenue								
External Inter segment	3117.96 3.12	3030.21 1.58	1497.44 2.86	1543.25 Nil	4.98 Nil	1.36 Nil	4620.38 Nil	4574.82 Nil
Total revenue	3117.96	3030.21	1497.44	1543.25	4.98	1.36	4620.38	4574.82
Other information								
Carrying amount of fixed assets	2195.35	2162.02	630.00	602.03	Nil	Nil	2825.35	2764.05
Capital Expenditure	316.71	294.83	12.11	36.58	Nil	Nil	328.82	331.41

Notes :

1. The company is organised into four main business segments, namely :
 - a. Soaps & Surfactants includes detergents, toilet soap and its ingredients.
 - b. Pharma Business.
 - c. Processed Minerals- Operations at USA.
 - d. Other Businesses include Single super phosphate, Vaccum salt, Iodised salt, Tooth paste, and Oil.
Segments have been identified and reported taking into account, the nature of products and services, the differing risks and return, the organisation structure and internal financial reporting systems.
2. Segment Revenue in each of the above segment primarily includes sales in the respective segments.
3. The Segment Revenue in the geographical segments considered for disclosure is as follows :
 - India : comprising of sales originating from India
 - USA : comprising of sales originating in USA
4. Segment Revenue, Results, Assets and Liabilities include the respective amounts identifiable to each of the Segments and amounts allocated on a reasonable basis.

SIGNATURES TO SCHEDULE 1 TO 19

As per our report of even date
For Hemanshu Shah & Co.
Chartered Accountants

H. C. SHAH
Proprietor
Membership No.36441
Place : Ahmedabad
Date : May 31, 2010

HIREN K. PATEL
Managing Director

PARESH SHETH
Company Secretary

Dr. K. K. PATEL
Chairman

RAJENDRA D. SHAH
Director

Nirma Limited - Consolidated

Cash flow statement for the year ended 31st March, 2010

(Pursuant to the listing agreement with stock exchanges)

Rs. in crores

		2009-2010	2008-2009
A Cash flow from operating activities :			
Net Profit before tax		330.74	215.76
Assets Impairment		Nil	60.00
Notional exchange loss on revaluation of ECBs		5.05	29.86
Depreciation		337.48	288.07
Interest (net)		51.99	74.85
Exchange rate difference		(6.82)	(3.63)
(Profit) / loss on sale of fixed assets (net)		(0.61)	(0.34)
Benefit on settlement of loan		Nil	(1.60)
Dividend		(0.03)	(0.20)
Provision for doubtful advances		4.90	3.53
Doubtful advance written off		11.22	Nil
Provision of Doubtful debts		0.09	Nil
Bad Debt written off		5.58	4.02
Share of profit in associates		(0.08)	(0.43)
Currency fluctuation reserve		31.29	(99.92)
Profit on sale of investment		(5.16)	Nil
Loss on Asset not available		3.94	Nil
		438.84	354.21
Operating profit before working capital changes		769.58	569.97
Adjustments for :			
Trade and other receivables	(173.30)		(123.93)
Inventories	78.60		(92.58)
Trade payables	(3.80)		65.01
		(98.50)	(151.50)
Cash generated from operations		671.08	418.47
Interest paid	(75.62)		(96.31)
Direct taxes paid	(61.25)		(40.00)
		(136.87)	(136.31)
Net cash from operating activities		534.21	282.16
B Cash flow from investing activities :			
Purchase of fixed assets	(328.82)		(331.41)
Sale of fixed assets	(3.74)		0.28
Sale of Investment	9.20		Nil
Interest received	19.07		24.59
Dividend received	0.03		0.20
Net cash used in investing activities		(304.26)	(306.34)
		229.95	(24.18)
C Cash flow from financing activities :			
Change in loans and deposits	14.86		(1.92)
Redemption of Preference Share	Nil		(2.79)
Proceed from borrowings	278.35		1,263.30
Repayment of borrowings	(548.21)		(990.59)
Dividend paid (Including dividend tax)	(74.43)		(74.72)
Net cash used in financing activities		(329.43)	193.28
Net increase in cash and cash equivalents		(99.48)	169.10
Cash and cash equivalents (opening)		270.62	101.52
Cash and cash equivalents (closing)		171.14	270.62

Note : (1) Previous year's figures have been regrouped, wherever necessary, to confirm to this year's classification .

As per our report of even date
For Hemanshu Shah & Co.
Chartered Accountants

H. C. SHAH
Proprietor
Membership No.36441

Place : Ahmedabad
Date : May 31, 2010

HIREN K. PATEL
Managing Director

PARESH SHETH
Company Secretary

Dr. K. K. PATEL
Chairman

RAJENDRA D. SHAH
Director





NIRMA LIMITED. Nirma House, Ashram Road, Ahmedabad - 380 009.